

**ASSOCIATION OF  
GOVERNMENTS**

**Main Office**

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**San Bernardino County:** Paul Biane, San Bernardino County • Bill Alexander, Rancho Cucamonga • Edward Burgnon, Town of Apple Valley • Lawrence Dale, Barstow • Lee Ann Garcia, Grand Terrace • Susan Longville, San Bernardino • Gary Ovitt, Ontario • Deborah Robertson, Rialto

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**Orange County Transportation Authority:** Charles Smith, Orange County

**Riverside County Transportation Commission:** Robin Lowe, Hemet

**Ventura County Transportation Commission:** Bill Davis, Simi Valley

## MEETING OF THE

# COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT COMMITTEE

**Thursday, August 5, 2004**  
**10:30 a.m. – 12:00 noon**

**SCAG OFFICES**  
**Riverside B Conference Room**  
**818 W. 7<sup>th</sup> Street, 12<sup>th</sup> Floor**  
**Los Angeles, California 90017**

**213. 236.1800**

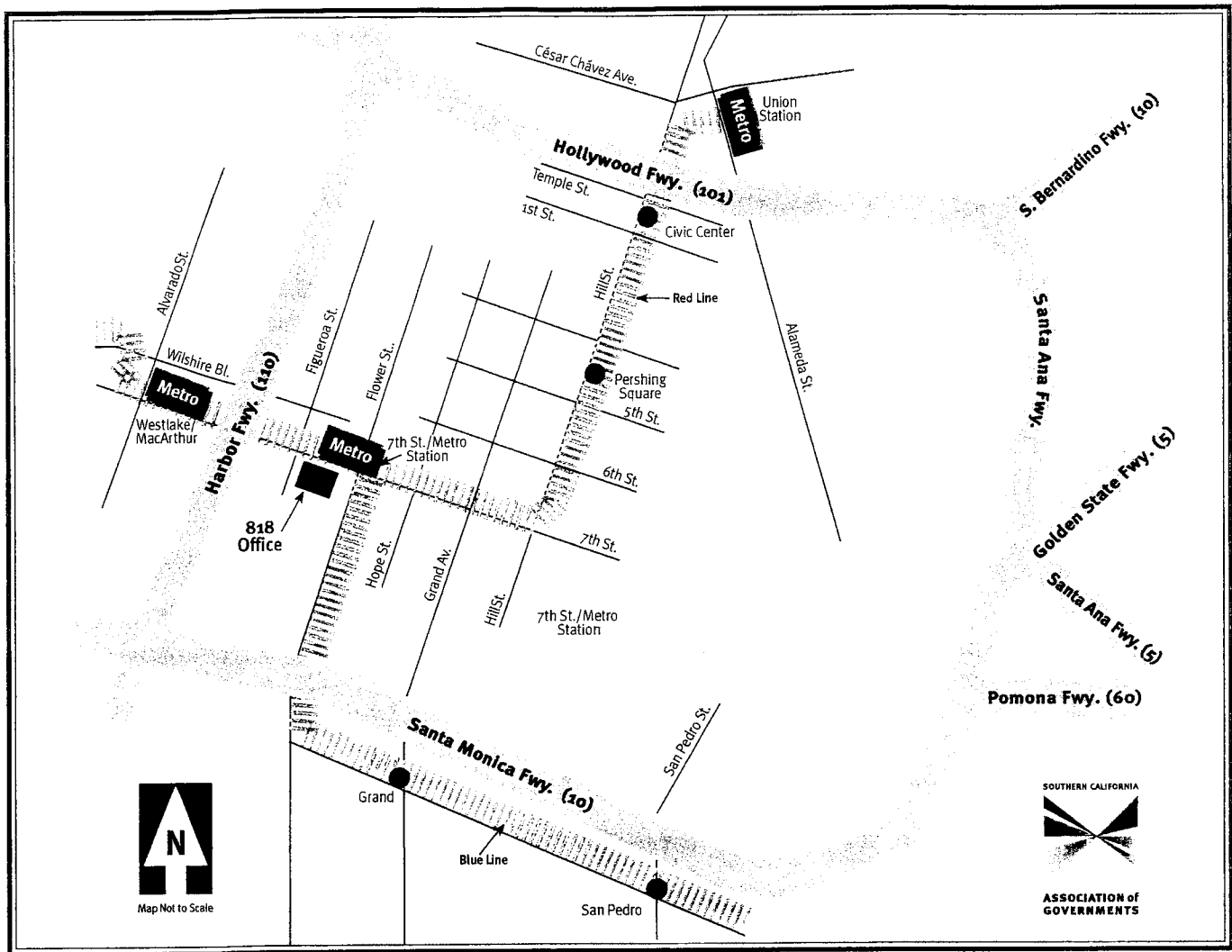
## MAP & AGENDA ENCLOSED

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Jacob Lieb at 213.236.1921 or [lieb@scag.ca.gov](mailto:lieb@scag.ca.gov).

Agendas and Minutes are available on the web  
@ [www.scag.ca.gov](http://www.scag.ca.gov)

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# How to get to the Southern California Association of Governments



## To Get to the 818 Building

- Harbor Freeway (110) Exit on 6th Street, turn right on Flower.

## By Transit...

- SCAG is accessible by all Metrolink Service to Union Station. At transfer to the Metro Red Line (free transfer with Metrolink ticket) and get off at 7th and Metro Station. Metro Line Service to SCAG is also available from Alvarado Station.
- SCAG is accessible by the Blue Line. Get off at 7th and Metro Station.
- SCAG is served directly by DASH Routes A and B. Bus Service via MTA, Foothill, Santa Monica, Orange County is available to downtown. Call 1-800-Commute for details.

## SCAG Main Office:

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ASSOCIATION of  
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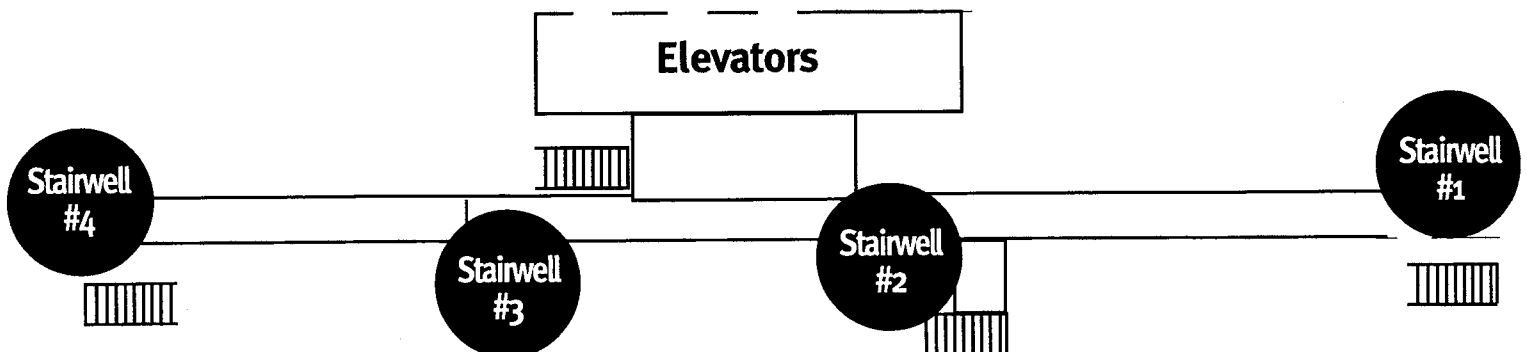
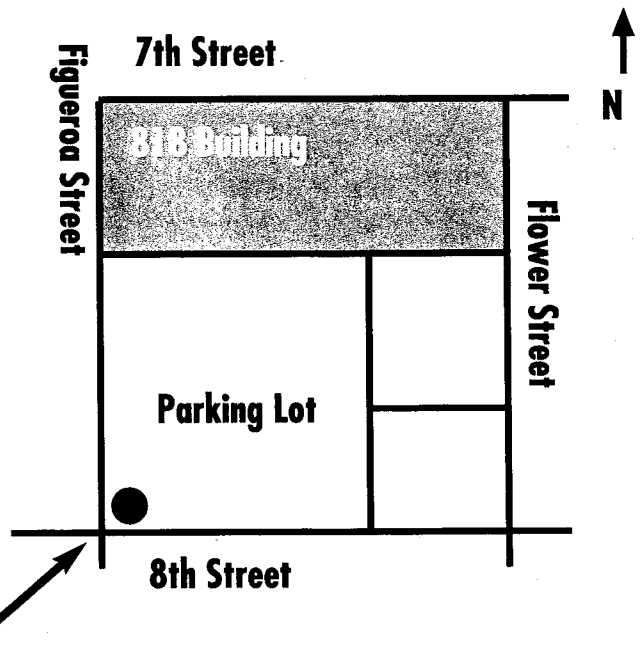
Rev. 12/30/97

# Emergency Evacuation Procedures:

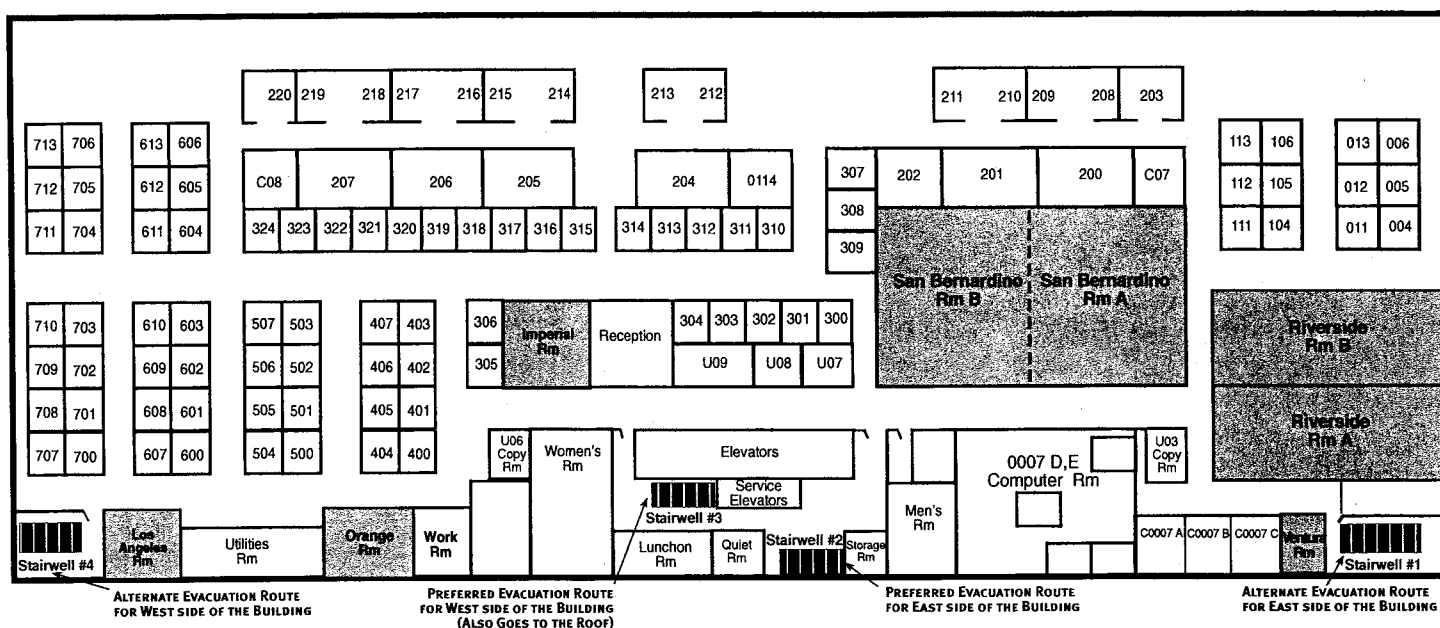
- 1) SCAG offices will always totally evacuate when an alarm sounds, even if it is thought to be a false alarm.
- 2) The evacuation stairwells are shown below and on the maps on the back side of this flyer. The preferred evacuation stairwells are #2 and #3.
- 3) Take the stairs to the ground floor. Upon exiting the building walk to the corner of 8th and Figueroa and meet at the Northeast corner. See dot in the map to the right. Do not leave the area without making contact with a floor warden, who will be wearing an orange vest.
- 4) SCAG safety officers will be wearing an orange vest during an emergency. Please follow their instructions.

Note that only stairwell #3 goes to the roof. Do not evacuate to the roof unless instructed to by Floor Wardens or Fire Department Personnel.

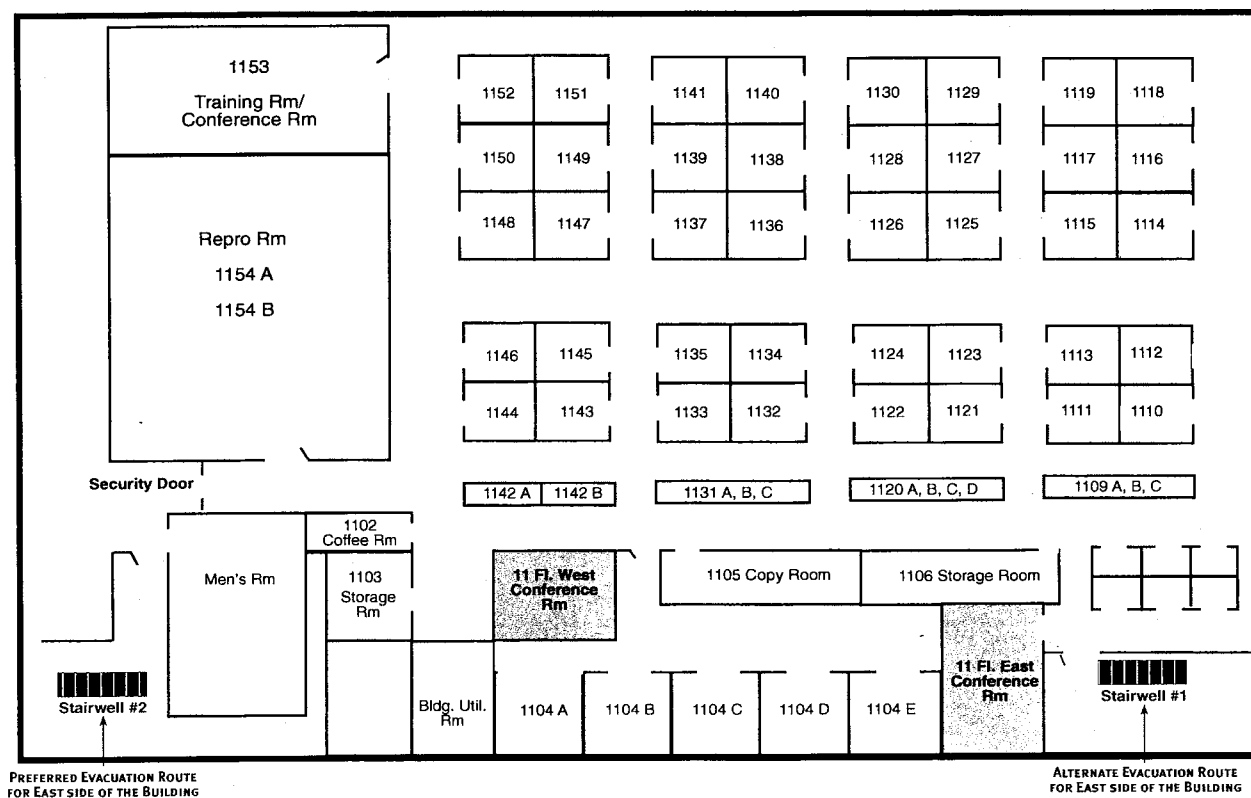
Upon meeting at 8th and Figueroa, roll will be taken. Do not leave the area without making contact with a floor warden, who will be wearing an orange vest.



## SCAG Offices Floor Plan & Emergency Exits on the 12th Floor



## SCAG Offices Floor Plan & Emergency Exits on the 11th Floor



# COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT COMMITTEE

## AGENDA

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### 1.0 CALL TO ORDER

- 2.0 PUBLIC COMMENT PERIOD – Members of the public desiring to speak on an agenda item or on items not on the agenda, but within the purview of this Committee must notify the Secretary and fill out a speaker's card prior to speaking. A speaker's card must be turned in before the meeting is Called to Order. Comments will be limited to three minutes. The Chair may limit the total time for comments to twenty (20) minutes.

### 3.0 CONSENT CALENDAR

#### 3.1 Approval Item

- 3.1.1 Minutes of the June 3, 2004 Meeting 1  
Attachment

#### 3.2 Receive and File

- 3.2.1 SCAG Legislative Matrix 5  
Attachment

### 4.0 ACTION ITEMS

- 4.1 Policy Paper, "Promoting Regional and Jacob Lieb, 10 10 minutes  
State Policy Objectives Through Growth  
and Development Practice," July 2004 Acting Lead Regional Planner,  
Attachment SCAG

Staff will describe a paper which outlines various proposals for the State and Region to promote shared policy objectives included in SCAG's RTP and Growth Vision

**Recommended Action:** Recommend that the Regional Council approve the policy paper.



# COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT COMMITTEE

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### 4.0 ACTION ITEMS(cont/d)

**4.2** Victor Valley Redevelopment Agency  
Housing Setaside Review  
Attachment

**Lynn Harris,  
Manager,  
Community Development,  
SCAG**

**16**

**5 minutes**

State law requires SCAG to review findings when a local redevelopment agency defers housing setaside funds, as has been requested by the Victor Valley Economic Development Agency

**Recommended Action:** Recommend that the Regional Council adopt resolution #04-453-2 approving the Redevelopment Agency findings.

### 5.0 INFORMATION ITEMS

**5.1** Regional Housing Needs Assessment Status  
Attachment

**Jacob Lieb,  
Acting Lead Regional Planner,  
SCAG**

**64**

**5 minutes**

Staff will present an update on a variety of issues related to the Regional Housing Needs Assessment including AB 2158 and litigation.

**5.2** Southern California Leadership COMPASS  
Class Project

**John Greenwood,  
Training Manager,  
SCLN**

**15 minutes**

Report on the Class IV COMPASS project: results and recommendations.

**5.3** Compass Media Roll Out  
Attachment

**Mark Butala,  
Senior Regional Planner,  
SCAG**

**75**

**10 minutes**

Staff will give an update on the Compass media event held on June 29, 2004 that promoted the Vision and Implementation Strategy.

# COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT COMMITTEE

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### 5.0 INFORMATION ITEMS (cont/d)

- |   |   |           |                   |
|---|---|-----------|-------------------|
| <b>5.4</b> <u>Las Virgenes Malibu Council of Governments<br/>Growth Visioning Report<br/>Attachment</u><br><br>The Las Virgenes Malibu sub-region performed a sub-regional growth visioning process as part of the fiscal year 2003-2004 work program. Sub-regional staff and consultants will describe the results of that effort. | <b>Terry Dipple,<br/>LVMCOG<br/>Doug Johnson,<br/>National Demographics<br/>Corporation</b> | <b>77</b> | <b>20 minutes</b> |
| <b>5.5</b> <u>Regional Comprehensive Work Plan<br/>Attachment</u><br><br>Staff will introduce the Regional Comprehensive Plan update, a major work effort for the coming fiscal year, and part of the Compass and RTP implementation effort.  | <b>Jacob Lieb,<br/>Acting Lead Regional Planner,<br/>SCAG</b>                               | <b>78</b> | <b>15 minutes</b> |
| <b>5.6</b> <u>2003 Venture Capital Investment in the<br/>SCAG Region<br/>Attachment</u><br><br>Staff will present the 2003 Venture Capital Investment draft report.   | <b>Jihong McDermott,<br/>Senior Regional Planner,<br/>SCAG</b>                              | <b>86</b> | <b>10 minutes</b> |

### 6.0 THE CHAIR'S REPORT

### 7.0 STAFF REPORT



# COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT COMMITTEE

## AGENDA

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### 8.0 FUTURE AGENDA ITEMS

Any Committee members or staff desiring to place items on a future agenda may make such request. Comments should be limited to three minutes.

### 9.0 CLOSED SESSION

15 minutes

#### SCAG v. HCD & BT&H

Conference with Legal Counsel – existing litigation to be heard in closed session in pursuant to California Government Code Section § 54956.9(a)

### 10.0 ADJOURNMENT

The next meeting is scheduled for Thursday, September 2, 2004 at the SCAG Office.



**COMMUNITY, ECONOMIC & HUMAN  
DEVELOPMENT COMMITTEE**

**ACTION MINUTES**

**Thursday, June 3, 2004**

**Temecula Creek Inn  
44501 Rainbow Canyon Road  
Temecula, CA 92592**

**THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE COMMUNITY, ECONOMIC, AND HUMAN DEVELOPMENT COMMITTEE. AUDIO-CASSETTE TAPE OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.**

The Community, Economic & Human Development Committee of the Southern California Association of Governments held its meeting at the Temecula Creek Inn in Temecula. The meeting was called to order by the Chair, Mayor William Alexander, SANBAG Subregion. There was a quorum.

**1.0 ELECTION OF CHAIR AND VICE-CHAIR**

Councilwoman Deborah Robertson was nominated as Chair and Councilman Paul Bowlen was nominated as Vice-Chair. There were no other nominations, and no opposition.

**2.0 CALL TO ORDER**

Chair William Alexander called the meeting to order at 10:00 a.m.

**MEMBERS PRESENT**

Mayor William Alexander, <b>Chair</b>	SANBAG Subregion
Councilmember Paul Bowlen	City of Cerritos
Councilmember Edward Burgnon	SANBAG Subregion
Mayor Ronald Loveridge	City of Riverside
Councilmember Mary Ann Lutz	City of Monrovia
Councilmember Keith McCarthy	City of Downey
Councilmember Kathryn McCullough	OCCOG Subregion
Supervisor Chris Norby	County of Orange
Councilmember Paul Nowatka	City of Torrance
Councilmember Bev Perry	City of Brea
Councilmember Deborah Robertson	City of Rialto
Mayor Charles White	WRCOG Subregion

## **MEMBERS NOT PRESENT**

Vice Mayor Lyle Alberg  
Councilmember Gary Bosworth  
Mayor Cristina Cruz Madrid  
Councilmember Doug Davert  
Mayor Pro Tem Mike Dispenza  
Councilmember Bart Doyle  
Councilmember Alta E. Duke, **Vice-Chair**  
Councilmember Daryl Hofmeyer  
Councilmember Susan Longville  
Councilmember Efren J. Moreno, Jr.  
Councilmember Jan Perry  
Councilmember Bedford Pinkard  
Councilmember Marilyn Poe  
Councilmember Marsha Ramos  
Councilmember Ed Reyes  
Councilmember Laura Richardson  
Councilmember M. Jo Shields  
Councilmember Don Szerlip  
Councilmember Bob Yousefian

SANBAG Subregion  
CVAG Subregion  
SGVCOG Subregion  
City of Tustin  
City of Palmdale  
City of Sierra Madre  
City of La Palma  
City of Paramount  
SANBAG Subregion  
San Gabriel Valley COG  
City of Los Angeles  
City of Oxnard  
City of Los Alamitos  
Arroyo Verdugo Subregion  
City of Los Angeles  
City of Long Beach  
City of Brawley  
South Bay Cities Subregion  
City of Glendale

### **3.0 PUBLIC COMMENT PERIOD**

There were no public comments at this meeting.

### **4.0 CONSENT CALENDAR**

The following consent calendar items were approved without objection. There were several corrections noted to the minutes, most notably, members present who were listed as absent including Supervisor Norby, County of Orange, and Councilmember Bowlen, City of Cerritos.

#### **4.1 Approval Item**

##### **3.1.1 Minutes of the May 6, 2004 Meeting**

#### **4.2 Receive and File**

##### **3.2.1 SCAG Legislative Matrix**

## **5.0 ACTION ITEM**

### **5.1 AB 2702 (Steinberg) Housing: Second Units**

Tonya Gorham, Government Affairs Analyst, reviewed this bill which severely limits local governments' ability to restrict the permitting of second units. Ms. Gorham also described amendments recommended by staff, which would call for the provisions of the bill to only apply in strategic locations and circumstances. There was substantial discussion suggesting that the bill created an un-due imposition on local governments, and should be opposed.

**ACTION:** It was MOVED (Perry) and SECONDED (White). The motion was approved to unanimously oppose the bill. The Committee also voted unanimously to recommend that the Regional Council add this legislation to its agenda the same day as an urgency item, in light of the potential progress of the bill before the next scheduled Regional Council meeting.

## **6.0 INFORMATION ITEMS**

### **6.1 Legislative Roundtable**

Tonya Gorham, Government Affairs Analyst, reviewed legislation and State policy developments of interest to the Committee and asked for discussion and feedback on how staff should proceed. The Committee asked staff to send a letter in opposition to SB 744 (Dunn) based on established SCAG policy to oppose Housing Element non-compliance penalties.

### **6.2 Housing Summit Review**

Councilmembers Robertson and Nowatka reported on the fourth annual Regional Housing Summit held on May 21 in Diamond Bar. They stated that the event had been a success with good attendance and an interesting program. They thanked staff for working on the event.

### **5.3 Compass Growth Vision Implementation**

Lynn Harris, Manager, Community Development, briefly reviewed a presentation given at the retreat on June 2. The presentation described various tools that staff will be developing under the Compass Implementation program, including Benefit Assessment Districts.

## **6.0 THE CHAIR'S REPORT**

No report was given.

## **7.0 STAFF REPORT**

Staff announced that the Economic Forecast Conference is scheduled for November 18 at Walt Disney Concert Hall. Councilmember McCarthy has volunteered to assist in planning the conference. Staff thanked Chair Alexander for his service over the last two years.

## **8.0 FUTURE AGENDA ITEMS**

None offered

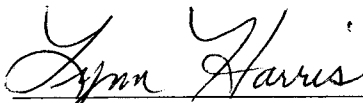
## **9.0 CLOSED SESSION**

No Closed Session held

## **10.0 ADJOURNMENT**

The meeting was adjourned at 11:00 a.m. The next CEHD meeting will be held at 10:30 a.m. on Thursday, August 5, 2004 at the SCAG Office.

Signed:



Lynn Harris  
Manager, Community Development

# MEMO

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**DATE:** August 5, 2004  
**TO:** Community, Economic and Human Development Committee  
**FROM:** Charlotte Pienkos, Government Affairs Analyst  
Phone: (213) 236-1811 E-Mail: eckelbec@scag.ca.gov  
**SUBJECT:** State Legislative Matrix

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**SUMMARY:**

Attached to this memorandum are the bills and constitutional amendments of interest to the CEHD. SCAG's positions are noted, as well as those of other agencies, where available.

Progress on legislation in Sacramento has been largely halted, as it is most years, as the Big Five work to resolve the budget impasse. As of this writing, the state budget is now several weeks overdue, with no summer recess having taken place. On the horizon, fiscal committees must report bills to the floor by August 13<sup>th</sup>. The Legislature may only meet on the floor from August 16<sup>th</sup> through the 31<sup>st</sup>. The last day for each house to pass bills is August 31<sup>st</sup>.

CAP#98918

005



SOUTHERN CALIFORNIA  
ASSOCIATION of GOVERNMENTS

**Private file: EconomicDevelopment**


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CA AB 1855      **AUTHOR:**                      Maze (R)  
**TITLE:**                                      Infrastructure and Economic Development Bank  
**FISCAL COMMITTEE:**                      yes  
**URGENCY CLAUSE:**                      no  
**INTRODUCED:**                              01/29/2004  
**LAST AMEND:**                              04/28/2004  
**LOCATION:**                                      Enrolled  
**SUMMARY:**  
 Relates to the Bergeson-Peace Infrastructure and Economic Development Bank Act that requires the California Infrastructure and Economic Development Bank to establish criteria, priorities and guidelines for the selection of projects to receive assistance from the bank. Requires the bank to notify the Governor and the legislative fiscal and policy committees when it establishes or makes changes to the criteria, priorities and guidelines.  
**STATUS:**  
 07/12/2004                              In SENATE. Read third time. Passed SENATE. To enrollment.  
 07/12/2004                              Enrolled.

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**Private file: Housing**


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CA AB 2158      **AUTHOR:**                              Lowenthal (D)  
**TITLE:**                                      Housing Elements: Regional Housing Need  
**FISCAL COMMITTEE:**                      yes  
**URGENCY CLAUSE:**                      no  
**INTRODUCED:**                              02/18/2004  
**LAST AMEND:**                              06/24/2004  
**LOCATION:**                                      Senate Appropriations Committee  
**SUMMARY:**  
 Relates to city, county or city and county general plan housing element. Revises the procedures for determining shares of the existing and projected regional housing need for cities, counties and subregions at all income levels.  
**STATUS:**  
 07/12/2004                              In SENATE Committee on APPROPRIATIONS: To Suspense File.  
**COMMENTARY:**  
 SCAG staff participates on the Lowenthal Working Group that crafted this bill.  
**Position:**                                      CSAC-Sup, SCAG-Sup 06/03/2004

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CA AB 2348      **AUTHOR:**                              Mullin (D)  
**TITLE:**                                      Housing Element: Regional Housing Need  
**FISCAL COMMITTEE:**                      yes  
**URGENCY CLAUSE:**                      no  
**INTRODUCED:**                              02/19/2004  
**LAST AMEND:**                              06/24/2004  
**LOCATION:**                                      Senate Appropriations Committee  
**SUMMARY:**  
 Revises the criteria for the inventory of sites that can be developed for housing within the planning board to accommodate that portion of a city's or county's share of regional housing need for all income levels. Expands the relocation assistance available to persons displaced by sites identified for substantial rehabilitation. Revises the requirements that may be imposed on a development project that contributes to the housing need.  
**STATUS:**  
 07/12/2004                              In SENATE Committee on APPROPRIATIONS: To Suspense File.  
**COMMENTARY:**  
 SCAG Staff participates in the Lowenthal Working Group that drafted AB 2348.  
**Position:**                                      CSAC-Pending, SCAG-Sup 06/03/2004

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CA AB 2702      **AUTHOR:**                              Steinberg (D)  
**TITLE:**                                      Housing: Second Units  
**FISCAL COMMITTEE:**                      yes  
**URGENCY CLAUSE:**                      no  
**INTRODUCED:**                              02/20/2004  
**LAST AMEND:**                              05/25/2004  
**COMMITTEE:**                              Senate Appropriations Committee  
**HEARING:**                                      08/02/2004 10:00 am

006

**SUMMARY:**

Provides that a local agency may not preclude or effectively preclude 2nd units unless the local agency makes findings based on substantial evidence. Prohibits certain related ordinances. Prohibits a local agency from establishing minimum unit size requirements for attached or detached 2nd units below 550 livable square feet unless requested by the owner. Revises the parking requirements for 2nd units. Relates to incentives for housing developers.

**STATUS:**

06/21/2004

From SENATE Committee on HOUSING AND COMMUNITY DEVELOPMENT: Do pass to Committee on APPROPRIATIONS.

**Position:**

CSAC-Opp, SCAG-Opp 06/03/2004

CA SB 744

**AUTHOR:**

Dunn (D)

**TITLE:**

Planning: Housing

**FISCAL COMMITTEE:**

yes

**URGENCY CLAUSE:**

no

**INTRODUCED:**

02/21/2003

**LAST AMEND:**

05/25/2004

**LOCATION:**

Assembly Local Government Committee

**SUMMARY:**

Establishes within the Department of Housing and Community Development a Housing Accountability Committee consisting of 5 appointed members to hear appeals of city, county or city and county decisions on applications for the construction of housing developments that meet specified affordability requirements.

**STATUS:**

06/09/2004

In ASSEMBLY Committee on LOCAL GOVERNMENT: Not heard.

**Position:**

CSAC-Opp, League-Opp, SCAG-Opp 06/03/2004

CA SB 898

**AUTHOR:**

Burton (D)

**TITLE:**

Schoolsite Replacement Housing

**FISCAL COMMITTEE:**

no

**URGENCY CLAUSE:**

no

**INTRODUCED:**

02/21/2003

**LAST AMEND:**

06/30/2004

**FILE:**

170

**LOCATION:**

Assembly Third Reading File

**SUMMARY:**

Authorizes a school district, community college district, or an eligible nonprofit corporation to acquire real property for to replace dwelling units displaced by a new schoolsite under the same conditions and requirements as a local governing agency. Requires that the acquisition be from a willing seller.

**STATUS:**

07/01/2004

In ASSEMBLY. Read second time. To third reading.

**Position:**

League-Opp

CA SB 1145

**AUTHOR:**

Burton (D)

**TITLE:**

Tenancy

**FISCAL COMMITTEE:**

no

**URGENCY CLAUSE:**

no

**INTRODUCED:**

01/22/2004

**LAST AMEND:**

06/08/2004

**FILE:**

30

**LOCATION:**

Senate Unfinished Business

**SUMMARY:**

Extends indefinitely existing law which requires that if a landlord increases the rent of a month-to-month tenancy in excess of 10% of the amount of the rent charged to a tenant annually, the landlord shall provide an additional 30-days' notice prior to the effective date of the increase. Modifies the list of statements a landlord must provide a tenant to delete a required statement regarding a claim of security.

**STATUS:**

06/24/2004

In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE for concurrence.

CA SB 1592

**AUTHOR:**

Torlakson (D)

**TITLE:**

Local Planning

**FISCAL COMMITTEE:**

yes

007

**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2004  
**LAST AMEND:** 06/09/2004  
**LOCATION:** Assembly Local Government Committee  
**SUMMARY:**

Requires each city and each county to adopt or amend an infill ordinance or a specific plan for infill development that identifies potential infill sites and specifies appropriate zoning to encourage infill development on vacant and underutilized parcels. Requires the infill ordinance or specific plan to provide at least 5 incentives for infill housing from a specified list of 10 incentives. Requires each city and county to comply within a certain time period.

**STATUS:**

06/16/2004 In ASSEMBLY Committee on LOCAL GOVERNMENT: Not heard.  
**Position:** CSAC-Pending

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CA SB 1818

**AUTHOR:** Hollingsworth (R)  
**TITLE:** Density Bonuses  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2004  
**LAST AMEND:** 06/29/2004  
**LOCATION:** Assembly Appropriations Committee  
**SUMMARY:**

Relates to the Planning and Zoning Law which requires, when a housing developer proposes a development, that the city or county provide the developer with a density bonus or other incentives for the production of lower income housing units if the developer meets certain requirements. Requires that the local government provide a density bonus, incentives or concessions for the production of housing or child care facilities.

**STATUS:**

06/29/2004 In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

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**Private file:** LocalFinance

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CA SB 1212

**AUTHOR:** Ducheny (D)  
**TITLE:** Local Government Finance  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/11/2004  
**LAST AMEND:** 06/28/2004  
**LOCATION:** Assembly Appropriations Committee  
**SUMMARY:**

Provides that beginning with the 2005-06 fiscal year, an indefinite offset of the vehicle license fee by 67.5% and eliminates reimbursement payments to counties and cities that are required under the Vehicle License Fee Law. Requires each county and city annually receive, beginning with the 2005-06 fiscal year, a defined base amount. Reduces these payments if the vehicle license fee is increased.

**STATUS:**

06/28/2004 In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

**NOTES:**

**COMMENTARY:**

Moreno Ducheny Staff: Mark Stivers (916) 445-8740  
The 2004 Legislative Program calls for SCAG to monitor local finance legislation via groups like the League of California Cities to preserve SCAG resources. SB 1212 attempts to minimize the fiscalization of land use, a traditional SCAG issue. SCAG opposed AB 1221 (Steinberg) in 2003 that would have effected a tax swap to stabilize the tax base.

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CA SCA 9

**AUTHOR:** Torlakson (D)  
**TITLE:** Local Government Finance  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2003  
**LAST AMEND:** 07/13/2004  
**COMMITTEE:** Senate Appropriations Committee  
**HEARING:** 07/19/2004 1:30 pm  
**SUMMARY:**

008



Proposes an amendment to the Constitution to prohibit the Legislature from enacting a statute modifying the apportioning of ad valorem property tax revenues to reduce the percentage collected countywide and allocated among local agencies, to require revenues derived from the Bradley-Burns Uniform Sales and Use Tax Law and the Transactions and Use Tax Law to remain with local entities and to require the funding of local costs for mandates or to suspend the mandate.

**STATUS:**

07/14/2004

From SENATE Committee on CONSTITUTIONAL AMENDMENTS: Be adopted to Committee on APPROPRIATIONS.

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**Private file: SCAG**

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CA AB 2207

**AUTHOR:**

Levine (D)

**TITLE:**

Statistical Districts: San Fernando Valley

**FISCAL COMMITTEE:**

yes

**URGENCY CLAUSE:**

no

**INTRODUCED:**

02/18/2004

**LAST AMEND:**

05/20/2004

**LOCATION:**

To Governor

**SUMMARY:**

Requires any state agency or department that develops and maintains data and statistics on the municipal level, to make a separate breakdown of the San Fernando Valley, in the preparation and maintenance of any statistical analyses by city. Authorizes state agencies to require the City of Los Angeles to provide all necessary data. Provides for an alternative method be used to determine the separate breakdown if a tax area code is used in the analysis.

**STATUS:**

07/08/2004

\*\*\*\*\*To GOVERNOR.

**COMMENTARY:**

The statistical data that will be provided as the result of enactment of AB 2207 will assist SCAG's planning efforts.

**Position:**SCAG-Sup 04/02/2004

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# REPORT

**TO:** Community, Economic and Human Development Committee (CEHD)  
**FROM:** Jacob Lieb, Acting Lead Regional Planner, (213) 236-1921, lieb@scag.ca.gov  
**SUBJECT:** Policy Paper, "Promoting Regional and State Policy Objectives Through Growth and Development Practice," July 2004  
**DATE:** August 5, 2004

**EXECUTIVE DIRECTOR'S APPROVAL:**



**RECOMMENDED ACTION:**

Recommend that the Regional Council approve policy paper - "Promoting Regional and State Policy Objectives Through Growth and Development Practice," July 2004.

**BACKGROUND:**

The Governor has directed his cabinet to develop a growth policy for the State. The effort is chaired by Department of Business, Transportation and Housing Secretary Sunne Wright McPeak. The focus of these discussions is better coordination between growth, transportation, housing, and development planning. In order to contribute to these discussions, staff has prepared the attached policy paper which outlines steps that the State might take to support the development policies inherent in the recently adopted Compass Growth Vision and 2004 RTP. The positions promoted by the paper include protecting funding for projects in the RTP, aligning available housing subsidy funds with regional plan priorities, acknowledging and rewarding local performance, and coordinating planning horizons for housing and transportation. Staff recommends that the Committee approve this policy paper.

**ATTACHMENT:**

Housing Policy Paper

**FISCAL IMPACT:**

Pursuing policy discussions and State legislation, as proposed in the policy paper recommended for approval, is included in the SCAG Overall Work Program for Fiscal Year 2004-2005.



## **SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

### **PROMOTING REGIONAL AND STATE POLICY OBJECTIVES THROUGH GROWTH AND DEVELOPMENT PRACTICE Concept Paper and Presentation Framework**

In recent months, there has been increased discussion at the State level regarding better coordination between transportation and land use policy. The intent of this paper is to delineate ways in which current planning efforts by the Southern California Association of Governments (SCAG) might assist in forming the basis for advancing specific policy objectives of the State of California's Department of Business, Transportation, and Housing. In pursuing such an approach, the State, SCAG, and other Councils of Governments (COG) can:

- a) achieve a higher level of transportation and air quality performance
- b) improve housing availability and affordability
- c) provide for performance and accountability measurements for local governments and others.

In turn, this paper will describe how the State of California might partner with SCAG and other COGs in supporting these goals.

#### **BACKGROUND**

SCAG has recently completed work on the 2004 Regional Transportation Plan (RTP) update. This plan features an unprecedented focus on the interplay between transportation and land use. Through a participatory, scenario-based planning process, SCAG devised a set of land use measures and principles that guide the future of development in Southern California and achieve dramatic transportation performance results. This effort, known as Southern California COMPASS, took over three years, involved the input of thousands of Southern California residents, and was incorporated into SCAG planning with the support SCAG's 74 member Regional Council composed of local elected officials.

The land use measures feature the concentration of new development along existing and planned transportation corridors and in regional and sub-regional centers including airports. Further, the plan calls for a substantial amount of in-fill development in currently urbanized areas. This allocation of growth is calibrated to a fine scale of geography in order to account for accessibility and efficiency of individual transportation facilities. Conversely, the land use measures do not broadly reallocate growth around the region. Each county in Southern California, and most cities, will absorb a similar amount of total growth as they would in a "no plan" scenario. Such growth, under the plan, would simply be arranged better to meet regional transportation and livability objectives. SCAG estimates that the changes needed in local land use policy and practice will affect 2% of the land mass of the region. As such, the region has latitude to preserve variation in

## **SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

### **PROMOTING REGIONAL AND STATE POLICY OBJECTIVES THROUGH GROWTH AND DEVELOPMENT PRACTICE Concept Paper and Presentation Framework**

development types around the region while we build more urban places in select locales.

The RTP, in its current incarnation, consists of specified transportation projects, a broader, longer-term program of implementation measures, and assumptions regarding future conditions. In sum, the plan identifies the needed conditions for the physical and systemic well-being in the region.

#### **SUPPORT OF OBJECTIVES**

The emerging regional growth vision and the current RTP developed by SCAG encompasses objectives identified by the State, in that it;

**a. relies on development policy and practice to achieve performance**

In developing land use measures for the RTP, SCAG isolated the results on land use in its transportation model. These results are dramatic, even while the region absorbs a population growth of 6 million. With the inclusion of land use measures, there will be a 40% higher transit mode split in 2030, 35% less VMT and 8% less delay compared with the other elements of the plan minus land use. The 2004 RTP creates efficiencies within the region's transportation system and urban form by focusing development in coordination with infrastructure. By achieving these results through policy measures, the region is allowing limited State and Federal funds for infrastructure to go further.

**b. assumes adequate levels of housing production**

By implementing the current RTP, and pursuing the land use and other measures set forth within the plan, the Southern California region will have largely alleviated its chronic housing shortages. Forecasting for the plan assumes a higher level of housing performance compared to population than either in earlier plans or compared to observed trend. In part, this is achieved by giving attention to economic development in the region. The plan focuses investment on key economic drivers in the region, notably in goods movement and logistics. This allows for higher household incomes, and a more functional housing market. Further, the plan delineates clear expectations for local development policy and practice. In sum, the plan calls for 400,000 housing units beyond the "no-project" scenario, or a 20% increase.

**c. improves housing affordability**

As discussed above, full implementation of the RTP would result in a marked increase in the supply of housing. This alone would have a positive impact on affordability by offsetting pricing pressures from chronically unmet demand. Further, the type of development being envisioned in the plan (e.g. mixed

## **SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

### **PROMOTING REGIONAL AND STATE POLICY OBJECTIVES THROUGH GROWTH AND DEVELOPMENT PRACTICE Concept Paper and Presentation Framework**

use, higher residential density, with lower or shared parking requirements) will allow for the market production of lower cost housing product. SCAG estimates that the implementation of this plan could reduce housing prices in the region by 20-35%. Currently, the region's median home price is \$391,000 – affordable to approximately 16-20% of the region's households. A reduction of 20-35% in home prices would bring an additional 1 million households into the for-sale housing market.<sup>1</sup>

**d. performs in all transportation measures**

Taken as a whole, the 2004 Regional Transportation Plan improves mobility in the region, and meets required performance goals, including air quality conformity.

**e. improves economic conditions in the region**

In creating the 2004 RTP, SCAG assigned a high priority to projects that will improve economic conditions in the region. Notably, SCAG included, and developed accelerated funding strategies for several goods movement and logistics oriented transportation projects. These include a decentralized regional aviation system, dedicated truck-ways, regional rail freight improvements, and high speed rail. These projects will build on the region's current advantages in the trade sector. Due to these targeted investments, the plan assumes higher levels of employment and household formation than in a "no-plan" scenario.

**f. incorporates broad growth principles**

The land use scenario incorporated into the RTP is based on four Growth Visioning Principles established by SCAG's Regional Council. These principles are Prosperity, Livability, Sustainability, and Mobility. The principles statement (attached) forms a basis for regional growth and development policy with broader applications than the RTP.

**e. provides for a baseline performance measure for local governments**

The plan clearly identifies opportunity areas for new growth in the region (corridors, centers, airports). The presence of such areas within a city's boundaries creates a performance expectation against which a jurisdiction's policies and actions can be measured. Further, the plan identifies broad principles for growth policies, whereby, even in the absence of a growth opportunity areas, a city can demonstrate performance in support of regional and State objectives.

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<sup>1</sup> Assuming income based on 2000 Census, typical 30 year fixed loan, 20% down payment, and 5.5% interest rate.

## **SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

### **PROMOTING REGIONAL AND STATE POLICY OBJECTIVES THROUGH GROWTH AND DEVELOPMENT PRACTICE Concept Paper and Presentation Framework**

#### **IMPLEMENTATION AND PARTNERSHIP**

SCAG intends to pursue a program to implement the features of the 2004 RTP. Among the implementation steps will be targeted technical assistance to cities containing critical growth opportunity areas, the completion of a new Regional Comprehensive Plan, and a system to measure and reward best performing jurisdictions in future RTP updates.

SCAG also requires partnership efforts in order to ensure success. Notably, County Transportation Commissions, water agencies, and the private sector have roles to play. SCAG has received interested from several parties, notably the Los Angeles County MTA (with demonstration projects already underway), in pursuing pilot projects.

For the purpose of this paper, SCAG has identified specific actions that the State of California can take or promote in partnership with SCAG:

**a. Protect funding for projects identified in the RTP**

As discussed above, SCAG included various projects in the RTP in order to bolster the economic and physical well-being of the region. As such, it is critical for Proposition 42 funding to remain available for these projects, and for critical Traffic Congestion Relief Program (TCRP) projects to be fully funded. Particularly of note are the various projects that support the land use measures in the plan. These account for approximately \$1 million of the \$2.3 million (44%) of TCRP funding identified in the RTP, and 1/5 of the TCRP projects .

**b. Align housing subsidy programs with Regional Transportation Plans**

For the past several years, SCAG has advocated a regionally based approach to allocating the State's discretionary housing funds. Such an approach would improve the coordination between transportation and land use policy. A policy paper on this issue, prepared by SCAG in 1999, is attached. This proposal involves allocating housing resources, including HUD grants, tax credits, and mortgage credit certificates, with explicit consideration of the regional housing need allocation. This provides a positive incentive for addressing housing needs at the local level, allows for predictability in funding, and leverages resources. Such a system could be accomplished either by allowing the COGs to allocate funding, as in transportation planning, or by having State housing agencies use a scoring mechanism provided by the COGs.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**PROMOTING REGIONAL AND STATE POLICY OBJECTIVES THROUGH**  
**GROWTH AND DEVELOPMENT PRACTICE**  
**Concept Paper and Presentation Framework**

**c. Acknowledge local performance as determined by SCAG for State policy purposes**

Through the RTP and implementation measures, SCAG will assist cities in meeting regional and State goals related to housing production and affordability. As such, cities that are identified as good actors through SCAG's growth vision implementation and monitoring should be either exempt from additional State housing policy oversight, or have such oversight significantly reduced. Further, the State should consider a CEQA exemption for activities and projects needed for local governments to meet the share of regional housing need.

**d. Coordinate planning horizons for transportation and housing**

Currently, the regional transportation plan, under federal law, is a long range planning document, with frequent updates. Conversely the State Housing Element program is a short-term plan, often too short to allow for real local policy changes that produce results. The State should consider longer planning periods for the Housing Element program.

# REPORT

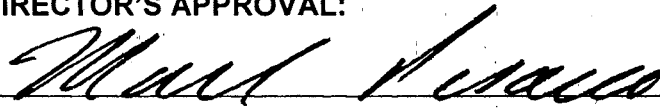
**TO:** Regional Council  
Community, Economic and Human Development Committee (CEHD)

**FROM:** Lynn Harris, Manager of Community Development, (213) 236-1875,  
harris@scag.ca.gov

**SUBJECT:** Victor Valley Economic Development Authority, Housing Setaside Review

**DATE:** August 5, 2004

**EXECUTIVE DIRECTOR'S APPROVAL:**



**RECOMMENDED ACTION:**

Recommend that the Regional Council adopt a resolution that approves the findings of the Victor Valley Economic Development Authority in deferring Housing Set-Aside funds.

**BACKGROUND:**

Section 33492.40 of the California Health and Safety Code requires SCAG to approve findings made by a local redevelopment agency in the event that they choose to defer deposits to the required low income housing set-aside fund. The Victor Valley Economic Development Authority has made such a request to SCAG, and has made all appropriate findings in accordance with the statute. A copy of the request and supporting documentation provided by the Authority is attached.

The statute requires that the redevelopment agency make the following findings:

- (A) The military facility or installation cannot be acquired or developed by private enterprise without the assistance of the agency.
- (B) There are no feasible alternative means of financing the acquisition or development of the military facility or installation other than by utilizing the low- and moderate-income housing portion of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670.
- (C) Failure of the agency to finance the acquisition or development of the military facility or installation would lead to serious economic hardship and job loss.
- (D) The redevelopment plan shall specify the period during which less than 20 percent of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670, is to be deposited in the Low- and Moderate-Income Housing Fund. The redevelopment plan shall also contain a repayment plan which specifies a date at which time the agency will have made up the deficit created by the deferral, including repayment of the interest at the highest rate received by the agency on funds it deposits during the period of deferral. The

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# REPORT

repayment plan shall reduce the deficit in the shortest feasible time consistent with the needs of the agency, as specified in the agency's findings.

The Authority has compiled evidence in support of these findings, included in the attached report beginning on page 3. Summarized briefly, the authority holds that the set-aside funds should be used for acquisition and provision of new infrastructure for the former George Air Force Base (Southern California Logistics Airport). This activity can only feasibly be accomplished with public financing, it is consistent with State and Federal policy goals, and has substantial public benefits that outweigh the deferment of housing funds. The deferral of funds will be for a period not to exceed five years, and the fund will be repaid over the fifteen years following the deferral.

SCAG staff reviewed the Authority's request and has concluded that the findings are supported by substantial evidence which is included in the Authority's report. Furthermore, staff has analyzed the proposed activities for consistency with various regional policies, and finds, on balance, that the execution of the proposed redevelopment plan would be beneficial and support the region's objectives.

Issues to consider include the following:

1. Development of Southern California Logistics Airport –  
This airport is included in the recently adopted 2004 Regional Transportation Plan. Further, it supports policies included in the Compass Growth Vision, including increasing jobs and economic activity in housing rich areas, and supporting regional competitiveness through the logistics and trade industries.
2. Housing Impacts –  
SCAG has several standing policies supporting the development of low income housing. As such, any proposal to defer limited, locally generated funds for that purpose should be examined critically. However, it should be noted that the cities in the Victor Valley have been identified as "housing rich," within various analyses performed by SCAG, and that all of these cities have met or exceeded housing development targets identified in the Regional Housing Needs Assessment adopted in November 2000. Further, SCAG has reviewed the authority's housing compliance plan and is satisfied that appropriate actions will be taken in support of housing development beyond the period of the set-aside deferral.

## **ATTACHMENT:**

Proposed Resolution  
Report of Victor Valley Economic Development Authority  
Housing portion of redevelopment Implementation Plan

## **FISCAL IMPACT:**

There is no cost associated with the recommended action.

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**Resolution No. 04-453-2**

**RESOLUTION APPROVING THE FINDINGS OF THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY IN ORDER TO DEFER PAYMENTS TO THE LOW INCOME HOUSING SET-ASIDE FUNDS**

**WHEREAS**, Section 33492.40 of the California Health and Safety Code authorizes SCAG to approve findings made by a redevelopment agency in deferring payments to the Low and Moderate Income Housing Funds; and

**WHEREAS**, the Victor Valley Economic Development Authority has requested that SCAG review a proposed deferral of payments to the Low and Moderate Income Housing Funds; and

**WHEREAS**, the Victor Valley Economic Development Authority has made a series of findings as required by State law, and such findings are supported by substantial evidence in the record; and

**WHEREAS**, the Southern California Association of Governments (SCAG) has reviewed the Authority's request; and

**WHEREAS**, the redevelopment plan presented by the Authority will promote several regional policy objectives including the development of the Southern California Logistics Airport at the former George Air Force Base; and

**WHEREAS**, the Authority and its member local governments have adequately addressed housing needs; and

**NOW, THEREFORE, BE IT RESOLVED** that the Regional Council of the Southern California Association of Governments hereby approves the findings of the Victor Valley Economic Development Authority in deferring deposits to the Low and Moderate Income Housing Set-Aside fund.

**Resolution No. 04-453-2**

Adopted by the Regional Council of the Southern California  
Association of Governments at a regular meeting on this 5<sup>th</sup> day of August  
2004.

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Ron Roberts  
President, SCAG  
Councilmember, City of Temecula

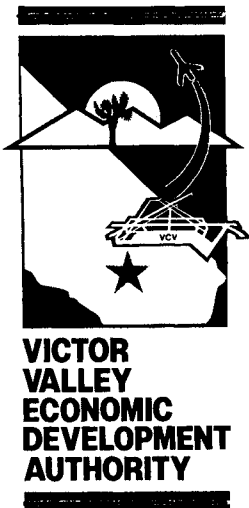
Attest: \_\_\_\_\_  
Mark Pisano  
Executive Director

Approved as to Legal Form:

---

Colin Lennard  
General Counsel

DOC #101177



May 28, 2004

Jacob Lieb  
Southern California Association of Governments  
818 West Seventh Street, 12th Floor  
Los Angeles, CA 90017-3435

Re: Health & Safety Codes

Dear Mr. Lieb:

AN AUTHORITY FORMED  
TO COORDINATE THE  
TRANSITION OF GEORGE  
AIR FORCE BASE FROM  
MILITARY TO CIVILIAN  
REUSE.

CITY OF  
HESPERIA  
CITY OF  
VICTORVILLE  
TOWN OF  
APPLE VALLEY  
COUNTY OF  
SAN BERNARDINO

Thank you for taking the time to speak with me yesterday regarding the interest by the Victor Valley Economic Development Authority (VVEDA) in exercising provisions of the Health and Safety Code, particularly Section 33492.40 that permits for the deferral of VVEDA's housing set-aside fund and allows for the expenditure of said funds to be applied towards general redevelopment programs. As you may know, VVEDA is a joint powers authority comprising the Town of Apple Valley, Cities of Adelanto, Hesperia, Victorville and the County of San Bernardino. It's formation was in response to the 1992 military closure of George Air Force Base, and today VVEDA is the principal Redevelopment Authority Partnering in the revitalization of George AFB, now known as Southern California Logistics Airport.

Provided in the attached is a copy of Health and Safety Code Section 33492.40. Currently, VVEDA is scheduled to amend its Redevelopment Plan on June 9, 2004, so that it contains the provisions of 33492.40 (e)(2)(D). At that time, VVEDA will also make the necessary findings to support approval by the Southern California Association of Governments (SCAG) by its Regional Council (RC). Once our Redevelopment Plan is amended, I will forward it to your attention so that this item can be agendaized at your next regularly scheduled meeting.

I can be reached at 760-955-5032 if you have any questions or comments.

Sincerely,

  
Keith C. Metzler  
Executive Director

KCM:kh  
Attachments

cc: VVEDA Board of Commissioners  
VVEDA Technical Advisory Committee  
Mark Pisano, SCAG Executive Director

18374 READINESS ST.  
VICTORVILLE,  
CALIFORNIA 92394  
760/246-6115  
FAX 760/246-3108  
E-Mail: scia@mscomm.com

CALIFORNIA CODES  
HEALTH AND SAFETY CODE  
SECTION 33492.40-33492.42

33492.40. (a) Notwithstanding Section 33320.1, the requirement that privately owned land within a project area be "predominantly urbanized," as that term is defined in subdivision (b) of Section 33320.1, shall not apply to privately owned land within a project area, if the privately owned land is adjacent or in proximity to a military facility or installation which is proposed to be closed pursuant to Public Law 100-526 and the inclusion of the privately owned land is found by an entity formed pursuant to subdivision (b) to be necessary for the effective redevelopment of the military facility or installation and the adjacent area.

(b) The legislative bodies for communities having territory within, adjacent to or in proximity to a military facility or installation described in subdivision (a) may create a separate joint powers agency pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, which shall have and exclusively exercise powers of an agency in furtherance of the redevelopment of a project area approved by the joint powers agency. The joint powers agency so formed shall include as one of its members the county in which the project area is located. In addition to the powers of an agency, the joint powers agency so formed shall also act as the legislative body and planning commission for all approvals and actions required by this part of legislative bodies and planning commissions for the adoption and implementation of a redevelopment plan. However, all land use, planning, and development decisions with regard to the land within the project area shall continue to be under the control and jurisdiction of each of the respective local legislative bodies or planning commissions, as applicable.

(c) The territory included within the project and project area may be contiguous or noncontiguous, and any project area may be located in whole or in part within one or more of the communities impacted by the closure of the military facility or installation, and the land to be included within the project area within the community or communities in proximity to the military facility or installation shall be found necessary for the effective redevelopment of the military facility or installation and the adjacent area. A project area shall not include territory outside the jurisdiction of the communities that are parties to the joint powers agency without the consent of the legislative body having jurisdiction over the territory proposed to be included within the project area.

(d) A redevelopment plan for the project area shall contain all of the provisions required by this part. However, if the agency finds, based on substantial evidence on the record, that compliance with the requirements of Sections 33333.2 and 33334.1 would make it impracticable to achieve the policies of this section, the agency may eliminate or modify the requirements of Sections 33333.2 and 33334.1.

(e) The redevelopment plan shall provide for either of the following:

(1) A Low- and Moderate-Income Housing Fund, as required by Section 33334.2.

(2) A deferral for depositing all or part of the 20 percent of taxes allocated to the agency pursuant to Section 33670 in the Low-

## WAIS Document Retrieval

and Moderate-Income Housing Fund if the agency, after conducting a noticed public hearing, makes, and the executive committee of the Southern California Association of Governments reviews and approves, findings supported by substantial evidence that all of the following apply:

(A) The military facility or installation cannot be acquired or developed by private enterprise without the assistance of the agency.

(B) There are no feasible alternative means of financing the acquisition or development of the military facility or installation other than by utilizing the low- and moderate-income housing portion of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670.

(C) Failure of the agency to finance the acquisition or development of the military facility or installation would lead to serious economic hardship and job loss.

(D) The redevelopment plan shall specify the period during which less than 20 percent of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670, is to be deposited in the Low- and Moderate-Income Housing Fund. The redevelopment plan shall also contain a repayment plan which specifies a date at which time the agency will have made up the deficit created by the deferral, including repayment of the interest at the highest rate received by the agency on funds it deposits during the period of deferral. The repayment plan shall reduce the deficit in the shortest feasible time consistent with the needs of the agency, as specified in the agency's findings.

(f) The joint powers agency acting as the agency, the legislative body or the planning commission, shall follow all procedures under this part applicable to the adoption and amendment of redevelopment plans, except with respect to Sections 33347.5, 33353 to 33353.6, inclusive, Sections 33354.4 to 33354.6, inclusive, and Section 33385.

(g) The agency shall create a fiscal advisory group to consult with each affected taxing agency and to advise and report to the agency in the manner required of a fiscal review committee by Section 33353.5 on any potential fiscal impact upon affected taxing agencies within the project area. The fiscal advisory group shall consist of the financial officer or treasurer of each city and each county which created the joint powers authority.

(h) The agency shall prepare and distribute to each affected taxing agency a report which includes the information required by Section 33328. The agency shall also prepare an analysis of the report required of a fiscal review committee pursuant to subdivision (m) of Section 33352 and an analysis of the report required of the fiscal advisory group pursuant to subdivision (g).

(i) As used in this section, "in proximity to" means within three miles of the boundary of Norton Air Force Base and within eight miles of George Air Force Base.

(j) The Legislature finds and declares that the closure of two or more military facilities or installations within the County of San Bernardino will cause serious economic hardship in that county, including loss of jobs, increased unemployment, deterioration of properties and land utilization and undue disruption of the lives and activities of the people. Therefore, the Legislature finds and declares that to avoid serious economic hardship and accompanying blight, it is necessary to enact this act which shall apply only within the County of San Bernardino. In enacting this act, it is the policy of the Legislature to assist communities within the County of San Bernardino in their attempt to preserve the military facilities

and installations for their continued use as airports and aviation-related purposes.

It is the intent of the Legislature and the commitment of the local authorities to ensure that the existing airfields at both Norton Air Force Base and George Air Force Base are protected, developed, and enhanced as civil aviation public use airports. Therefore, the joint powers authorities authorized by this section should make every reasonable effort to guarantee that these vital airport facilities are retained for general aviation use now and into the future.

(k) Any joint powers agreement entered into pursuant to this section shall provide that the financial needs of each of the parties shall be considered prior to adoption of a redevelopment plan, and may provide that the number of years shall be limited during which bonded indebtedness may be paid using taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670.

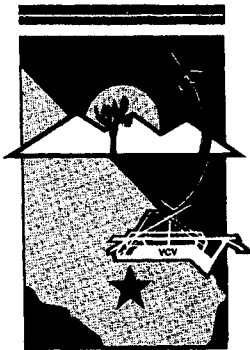
(1) A joint powers agency operating within the area of Norton Air Force Base shall appoint a project area citizens committee for the purpose of consultation and advice regarding policy matters that relate to planning and programs affecting the residents, businesses, and educational institutions within the project area, implementation of the redevelopment plan, and the development and implementation of amendments to the redevelopment plan.

(2) The committee shall be comprised of residential owners, residential tenants, business owners, small business owners, business tenants, educational institution representatives, and community groups currently operating, living, or working within the project area. The membership of the Project Area Citizens Committee shall be appointed by the legislative body of the agency and shall be representative, both racially and ethnically, of the people who live and work within the project area.

(3) For the purposes described above the committee shall meet at least once quarterly or more often to review policy matters and implementation issues as determined necessary by the legislative body.

(1) Amendments to any redevelopment plans adopted pursuant to this section shall not be required to comply with the provisions of Section 33452, provided that notice of the public hearing for any amendment adopted pursuant to Section 33540, and following, is published pursuant to Section 6063 of the Government Code and mailed by regular mail to the governing body of each of the taxing agencies which levies taxes upon any property in the project area designated in the redevelopment plan as proposed to be amended.

33492.41. (a) Notwithstanding Section 21090 of the Public Resources Code, the Inland Valley Development Agency may determine at a noticed public hearing that the amendment of a redevelopment plan for the Norton Air Force Base Redevelopment Project Area pursuant to this chapter is not subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), except that projects implementing the redevelopment plan, including specific plans, rezonings, and ministerial projects that may have a significant effect on the environment, shall be subject to the California Environmental Quality Act. The environmental document for any implementing project shall include an analysis and mitigation of potential cumulative impacts that otherwise will not be known until an environmental impact report for the redevelopment plan is certified.



**VICTOR  
VALLEY  
ECONOMIC  
DEVELOPMENT  
AUTHORITY**

AN AUTHORITY FORMED TO  
COORDINATE THE  
TRANSITION OF GEORGE AIR  
FORCE BASE FROM MILITARY  
TO CIVILIAN REUSE.

*CITY OF  
HESPERIA*

*CITY OF  
VICTORVILLE*

*TOWN OF  
APPLE VALLEY*

*COUNTY OF  
SAN BERNARDINO*

*CITY OF  
ADELANTO*

June 28, 2004

Jacob Lieb  
Southern California Association of Governments  
818 West Seventh Street, 12<sup>th</sup> Floor  
Los Angeles, CA 90017-3435

Re: VVEDA Housing Set-Aside deferral

Dear Mr. Lieb:

As a follow-up to my letter to you dated May 28, 2004, I am enclosing a copy of the 6<sup>th</sup> Amendment to the Redevelopment plan for the Victor Valley Economic Development Authority. The enclosed VVEDA plan amendment was approved on June 9, 2004 and its second ordinance reading took place on June 23, 2004. The plan amendment makes the necessary findings to support the housing set-aside deferral, including the adoption of a repayment plan for the housing money deferred.

In our last telephone conference, you had advised me that it might be possible to agendize this matter to the SCAG Committee on housing and the regional council in July. Please let me know when this matter can be heard before the respective boards. If I can be of any assistance to you, please don't hesitate to contact me at 760 955-5032.

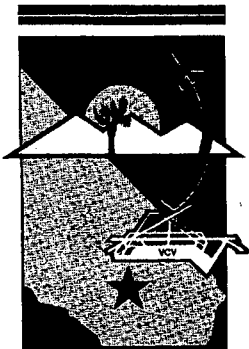
Sincerely,

Keith C. Metzler  
Executive Director

18374 PHANTOM.  
VICTORVILLE,  
CALIFORNIA 92394  
760/243-1900  
FAX 760/243-1020  
E-mail: [scla@ci.victorville.ca.us](mailto:scla@ci.victorville.ca.us)

KCM:kh  
Attachments





**VICTOR  
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SAN BERNARDINO*

*CITY OF  
ADELANTO*

DATE: June 3, 2004

TO: VVEDA Board of Commissioners

FROM: Keith Metzler, VVEDA Executive Director

SUBJECT: Amendment No. 6 to the VVEDA Redevelopment Plan

**RECOMMENDATION:**

That Your Honorable Board of Commissioners <sup>1)</sup> Introduce Ordinance No. 10 and conduct a public hearing for the proposed 6<sup>th</sup> Amendment to the VVEDA Redevelopment Plan; <sup>2)</sup> Adopt Resolution No. 04-010 accepting the Report to Council; and <sup>3)</sup> Adopt Resolution No. 04-011 eliminating the need to form a Project Area Committee.

**FISCAL IMPACT: None.**

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At the Technical Advisory Committee meeting of Wednesday, May 12, 2004, it was recommended that the Board consider the approval of a 6<sup>th</sup> Amendment to the VVEDA Redevelopment Plan. In general, this Amendment provides VVEDA with the ability to defer the use of its Housing Set-aside funds, and adopts a repayment plan of said funds at a later date. Procedurally, for the deferral to take place, the 6<sup>th</sup> Amendment is necessary before the deferral can be considered by the Southern California Association of Governments (SCAG). Currently, SCAG is expected to review and approve VVEDA's request to allow for the deferral at its July meeting.

Attached for your review is an introductory discussion and the proposed Amendment language. Because the Technical Advisory Committee has indicated its support, Staff is recommending approval. Once approved, Your Honorable Board of Commissioners will need to adjourn this meeting to an adjourned meeting on June 23, 2004, to conduct the second reading of Ordinance No. 10.

Staff remains available for any questions or comments you might have.

2004 AMENDMENT  
TO THE  
REDEVELOPMENT PLAN  
FOR THE  
1993 VICTOR VALLEY REDEVELOPMENT PROJECT  
(AMENDMENT NO. 6)

Prepared:

June 1, 2004

Adopted:

June 23, 2004

Ordinance No. 10

Prepared for:

City of Victorville  
14343 Civic Drive  
Victorville, California 92392

Prepared by:

Green, de Bortnowsky & Quintanilla, LLP  
23801 Calabasas Road, Suite 1015  
Calabasas, California 91302  
(818) 704-0195

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## INTRODUCTION

The Legislative Body of the Victor Valley Economic Development Authority ("VVEDA") approved and adopted the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project ("Redevelopment Plan" or "Plan") on December 28, 1993, by Ordinance No. 2. The Redevelopment Plan was amended on December 28, 1994, by Ordinance No. 4 to establish the time limit that enables VVEDA to collect tax increment revenues for up to forty years following the Redevelopment Plan's adoption date. The Plan was amended again on June 11, 1997, by Ordinance No. 5 to utilize the 1994-95 fiscal year as the base year for the purpose of establishing the assessed valuations for properties within the 1993 Victor Valley Redevelopment Project ("Project Area") until such time as the San Bernardino County Assessor certifies that the assessed values for the Project Area equal or exceed the assessed value in the initial base year.

The 1998 Amendment to the Redevelopment Plan amended the Plan on April 22, 1998, by Ordinance No. 7 and allowed for the power of eminent domain in certain primarily nonresidential areas in the Project Area, which were located within the jurisdiction of the Town of Apple Valley and the County unincorporated territory. The Fourth Amendment to the Redevelopment Plan adopted on July 12, 2000, added Territory to the Project Area within the jurisdictions of the Cities of Adelanto and Victorville, as well as County unincorporated territory.

The most recent 2003 Amendment to the Redevelopment Plan (Amendment No. 5) amended the Plan on December 23, 2003, by Ordinance No. 9 and expanded the authority for VVEDA to acquire property through the power of eminent domain within certain portions of the Project Area in the cities of Victorville and Adelanto and a portion of the unincorporated San Bernardino territory.

The Project Area currently encompasses approximately 60,000 acres and includes both developed and undeveloped land within the boundaries of the eight-mile radius of former George Air Force Base ("GAFB") (now known as Southern California Logistics Airport) as permitted by special redevelopment legislation regarding military base closures. The Project Area includes territory within the cities of Victorville, Adelanto and Hesperia, the Town of Apple Valley, and unincorporated territory within the County of San Bernardino.

This 2004 Amendment to the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project - Amendment No. 6 ("2004 Amendment") makes certain changes to the text of the Plan. These changes allow for deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq. "Redevelopment Law") for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities. The changes made by this 2004 Amendment are not to be construed to amend, modify, change, or affect in any way the text of the Redevelopment Plan as it applies to the territory within the boundaries of the 1993 Victor Valley Redevelopment Project. Furthermore, the 2004 Amendment will not affect the distribution of tax revenues to the member entities or affected taxing entities. It deals solely with

the use of funds attributable to the Redevelopment Project Area and provides flexibility to allow for the expeditious funding of much needed infrastructure.

#### **AMENDMENT NO. 1**

That Section (539) "Deferral of Housing Funds" be revised to read as follows:

"7. (539) Deferral of Housing Funds

"Pursuant to Section 33492.40(e)(2) of the Redevelopment Law, VVEDA has determined that it is necessary to defer the deposit of the twenty percent (20%) of taxes allocated to VVEDA pursuant to Section 33670 of the Redevelopment Law into the Low- and Moderate-Income Housing Funds as required by Section 33334.2. VVEDA has found that:

- (A) The Air Base cannot be developed solely by private enterprise without the assistance of VVEDA;
- (B) There are no feasible alternative means of financing the development of the Air Base other than by utilizing the low- and moderate-income housing portion of the taxes which are allocated to VVEDA pursuant to subdivision (b) of Section 33670;
- (C) Failure of VVEDA to finance the development of the Air Base would lead to serious economic hardship and job loss; and
- (D) Each Member of VVEDA may elect to defer the deposit of low- and moderate-income housing funds attributable to each Member for a period not to exceed five (5) years from June 23, 2004 in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities. The repayment of any such low and moderate income housing moneys so deferred will extend for fifteen (15) years with payments commencing at year six (6) with full repayment by year twenty (20). Repayment will be made in quarterly installments of principal and interest with interest accruing from year six (6) and continuing until repayment in full. The interest rate shall be equal to the Local Agency Investment Fund (LAIF) interest rate. Each Member of VVEDA shall be responsible for repayment of deferred amounts from non-housing tax increment revenue attributable to its portion of the Project Area.

# **REPORT TO THE LEGISLATIVE BODY**

FOR THE  
2004 AMENDMENT  
TO THE  
REDEVELOPMENT PLAN  
FOR THE  
1993 VICTOR VALLEY REDEVELOPMENT PROJECT  
(AMENDMENT NO. 6)

Prepared:

June 1, 2004

Prepared for:

City of Victorville  
14343 Civic Drive  
Victorville, California 92392

Prepared by:

Green, de Bortnowsky & Quintanilla, LLP  
23801 Calabasas Road, Suite 1015  
Calabasas, California 91302  
(818) 704-0195

## **INTRODUCTION**

The Victor Valley Economic Development Authority ("VVEDA") is taking steps leading to the adoption of an amendment to the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project ("2004 Amendment"). The Redevelopment Plan for the 1993 Victor Valley Redevelopment Project ("Redevelopment Plan" or "Plan") was adopted on December 28, 1993, by VVEDA by Ordinance No. 2. The Redevelopment Plan was amended on December 28, 1994, by Ordinance No. 4 to establish the time limit that enables VVEDA to collect tax increment revenues for up to forty (40) years following the Redevelopment Plan's adoption date. The Plan was amended again on June 11, 1997, by Ordinance No. 5 to utilize the 1994-95 fiscal year as the base year for the purpose of establishing the assessed valuations for the properties within the boundaries of the 1993 Victor Valley Redevelopment Project ("Project Area") until such time that the San Bernardino County Assessor certifies that the assessed values for the Project Area equal or exceed the assessed value in the initial base year.

The 1998 Amendment to the Redevelopment Plan amended the Plan on April 22, 1998, by Ordinance No. 7 and allowed for the power of eminent domain in certain primarily nonresidential areas in the Project Area, which were located within the jurisdiction of the Town of Apple Valley and the County unincorporated territory. The Fourth Amendment to the Redevelopment Plan adopted on July 12, 2000, added Territory to the Project Area within the jurisdictions of the Cities of Adelanto and Victorville, as well as County unincorporated territory.

The most recent 2003 Amendment to the Redevelopment Plan (Amendment No. 5) amended the Plan on December 23, 2003, by Ordinance No. 9 and expanded the authority for VVEDA to acquire property through the power of eminent domain within certain portions of the Project Area in the cities of Victorville and Adelanto and a portion of the unincorporated San Bernardino territory.

The Project Area currently encompasses approximately 60,000 acres and includes both developed and undeveloped land within the boundaries of the eight-mile radius of George Air Force Base ("GAFB") (now known as Southern California Logistics Airport) as permitted by special redevelopment legislation regarding military base closures. The Project Area includes territory within the cities of Victorville, Adelanto and Hesperia, the Town of Apple Valley, and unincorporated territory within the County of San Bernardino.

If adopted, the 2004 Amendment would allow for deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq. "Redevelopment Law") for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities.

This document is the Report to the Legislative Body of VVEDA ("Report") on the proposed 2004 Amendment and has been prepared pursuant to Sections 33457.1, 33352, and 33492.40 of the Redevelopment Law. Pursuant to Section 33352 of the Redevelopment Law,

VVEDA is required to submit a Report containing specific documentation regarding the proposed 2004 Amendment. The purpose of this Report is to provide the information, documentation, and evidence required to support the adoption of the 2004 Amendment. This information, documentation, and evidence is provided to assist VVEDA in its consideration of the proposed 2004 Amendment, and in making the various determinations in connection with its adoption.

The proposed 2004 Amendment proposes only one change to the Redevelopment Plan; the deferral of VVEDA's deposit of housing set-aside funds for a specific period not to exceed five (5) years pursuant to Section 33492.40(e)(2) of the Redevelopment Law. Current law requires that twenty percent (20%) of the tax increment revenues generated from each Participating Jurisdiction's portion of the Project Area be distributed to each such Participating Jurisdiction to be spent on low and moderate income housing projects and programs. The proposed 2004 Amendment would enable each such Participating Jurisdiction to defer its deposit and use of such 20% Low and Moderate Income Housing Fund moneys for a period of up to five (5) years from June 23, 2004. Each such Participating Jurisdiction, to the extent it elects to defer such deposit, would thereafter be required to repay any such amounts so deferred in accordance with a fifteen (15) year repayment plan, with quarterly installments of principal and interest commencing in Year Six thereafter. The principal installment of such repayments should come from non housing, tax increment attributable to each Participating Jurisdiction's portion of the Project Area. Interest on such amounts will accrue at the Local Agency Investment Fund ("LAIF") rate.

Section 33457.1 of the Redevelopment Law states that the reports and information required by Section 33352, to the extent warranted by the proposed 2004 Amendment, shall be prepared and made available to the public prior to the hearing on the proposed 2004 Amendment. Much of the information required for the sections of this Report was previously documented in the Report to the Legislative Body of VVEDA prepared for the adoption of the Redevelopment Plan and updated in the Report to Legislative Body for the Fourth Amendment to the Redevelopment Plan which is on file with the Authority Secretary. Said Reports and are incorporated herein by this reference. It is also important to note that Section 33368 of the Redevelopment Law states that VVEDA's adoption of the ordinance adopting the Redevelopment Plan is final and conclusive, and it is thereafter conclusively presumed that the Project Area is a blighted area as defined by Section 33031 of the Redevelopment Law and that all prior proceedings have been duly and regularly taken.

In order to provide for the deferment of the Low and Moderate Income Housing Funds, the Authority must make certain specific findings as follows:

“(A) The military facility or installation cannot be acquired or developed by private enterprise without the assistance of the agency.

(B) There are no feasible alternative means of financing the acquisition or development of the military facility or installation other than by utilizing the low- and moderate-income housing portion of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670.



(C) Failure of the agency to finance the acquisition or development of the military facility or installation would lead to serious economic hardship and job loss.”

**A. GAFB Cannot be Developed by Private Enterprise Without the Assistance of the Agency**

The primary reason the GAFB reuse cannot be accomplished by private enterprise acting alone is that the primary goal of both the Federal and State governments is to see that the Base remains available for aviation purposes. Both entities recognize the existence of airfield and support facilities are of such a significant value that it would be very difficult to “recreate” these types of facilities if they were lost. To retain the aviation asset requires that it, for the most part, be transferred to another, preferably local, public entity.

The portions of the Base that will not be part of the public airport are encumbered by significant development constraints. First, the entire Base is a Superfund site and as such, any development on the Base presents a major risk to private sector investors. This has been borne out by the lack of private capital investment that has occurred on the Base since its closing in 1992. Ironically, one of the private companies that did invest in the Base was the Sumiden Corporation. That company has since closed its doors and its facility has remained vacant for over a year.

In addition, private enterprise acting alone has been unable to accomplish redevelopment of the areas surrounding the Air Base because of the magnitude of the impacts caused by the closure on the local economy. Essentially the base closure lead to a loss of military jobs, procurements and civilian jobs on the base. This, in turn, lead to fewer jobs supported off-base and fewer households supported in the region, ultimately resulting in a lower population and less income in the region. The severity of the impact will continue to be felt for many years and it is imperative that all possible efforts be put to minimize the economic decline that has and will occur as a result of the closure.

For several years, the Airport Authority has engaged the services of a Master Developer, Stirling Airports International, to solicit and encourage investment at the Base. Their efforts for over more than six (6) years have not lead to any significant investments of private capital into the Base except for one project. The constraints associated with the lack of reliable infrastructure and the demolition costs associated with buildings containing lead and asbestos have made it extremely difficult to encourage private investment in the Base. Other portions of Victorville which do not have the same infrastructure and environmental constraints as the Base have been far more successful at encouraging private sector investments.

**B. No Feasible Financing Alternatives**

Finally, since both the federal and state governments are under extreme budgetary shortfalls, it is abundantly clear that federal and state assistance in providing funding for necessary public infrastructure improvements and facilities will be less than needed. Other financing options, such as airport tax increment bonds have not been sufficient in generating

enough revenue to support the infrastructure needs. Because of the enormous costs associated with improvements to the inadequate and insufficient infrastructure of the Air Base and Project Area, it cannot be reasonably expected that the participating jurisdictions or private enterprise acting along will have the means to accomplish reuse of the Air Base and Project Area. Furthermore, although, the business plan adopted by VVEDA indicates that once improvements are made to the airfield and facilities continue to be leased and, ultimately sold, civilian use of the airport could be profitable, such profitability has not yet been realized. As such the deferral of VVEDA's deposit of housing set-aside funds is imperative to effectively develop the infrastructure of the Air Base and Project Area.

C. **FAILURE TO FINANCE BASE DEVELOPMENT WILL LEAD TO SERIOUS ECONOMIC HARDSHIP**

Funds made available through this Amendment can be used immediately to pay for the cost of infrastructure items on the Base and adjacent to the Base. This includes, but is not limited to, the construction of major rail infrastructure improvements. The Authority has been informed that if such rail infrastructure is available, it will result in the creation of development opportunities for manufacturing and warehousing facilities which, in turn, will result in the creation of hundreds, if not thousands, of jobs. Such rail infrastructure development has already received the endorsement of two major rail companies who are seeking to establish multimodal and intermodal rail facilities at and adjacent to SCLA. This will directly reduce the negative economic blighting effects that were suffered as a result of Base closure.

The remaining contents of this Report are presented in 14 sections which generally correspond to the subdivisions presented in Section 33352 of the Redevelopment Law. The sections are as follows.

- SECTION A Reasons for Amending the Redevelopment Plan and a Description of Specific Projects Proposed and How These Projects Will Improve or Alleviate Blighting Conditions Found in the Project Area
- SECTION B Description of the Physical and Economic Conditions Existing in the Areas Affected by the 2003 Amendment Including a List of Blighting Conditions and Maps Showing Where the Conditions Exist
- SECTION C An Implementation Plan that Describes Specific Goals, Objectives, Projects, and Expenditures for the Next Five Years and a Description of How These Projects Will Improve or Alleviate Blighting Conditions
- SECTION D Why the Elimination of Blight and Redevelopment Cannot be Accomplished by Private Enterprise Acting Alone or by VVEDA's Use of Financing Alternatives Other Than Tax Increment
- SECTION E The Method of Financing
- SECTION F The Relocation Plan
- SECTION G Analysis of the Preliminary Plan
- SECTION H Report and Recommendation of the Planning Commission
- SECTION I Project Area Committee Requirement
- SECTION J General Plan Conformance
- SECTION K Environmental Documentation
- SECTION L Report of the County Fiscal Officer
- SECTION M Neighborhood Impact Report
- SECTION N Analysis of the Report Prepared by the County Fiscal Officer, a Summary of Consultations with Affected Taxing Agencies and Responses to Affected Taxing Agencies' Concerns Regarding the 2003 Amendment

## **SECTION A**

### **Reasons for Amending the Redevelopment Plan and Description of Specific Projects Proposed and How These Projects Will Improve or Alleviate Blighting Conditions Found in the Project Area**

**1. Provide for the Deferral of VVEDA's Deposit of Housing Set-Aside Funds Pursuant to Health and Safety Code Section 33492.40(e)(2)**

The 2004 Amendment will provide for the deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the Health and Safety Code for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities.

**2. Eliminate Blighting Conditions**

The proposed 2004 Amendment will provide VVEDA with the funding needed to continue to eliminate and prevent the spread of blighting conditions and to conserve, rehabilitate, and redevelop the 2004 Amendment Area in accordance with the Redevelopment Plan and Five-Year Implementation Plan. New businesses will create new jobs and increase economic activity in the area. New commercial development will prevent further economic decline, create new sales tax revenues, and encourage private sector investment in the Project Area.

This Report does not contain the information required by subdivision (a) of Section 33352 because the reasons for selection of the Project Area remain the same and are not affected by the proposed 2004 Amendment.

## **SECTION B**

### **Description of the Physical and Economic Conditions Existing in the Project Area Affected by the Proposed 2003 Amendment Including a List of Blighting Conditions and Maps Showing Where the Conditions Exist**

Section 33352(b) of the Redevelopment Law requires a description of the physical and economic conditions that cause the Project Area to be blighted. This information was provided in the documentation which was prepared and provided as evidence that the Project Area was deemed blighted at the time of adoption. Pursuant to Section 33368 of the Redevelopment Law, the adoption of the ordinance adopting the Redevelopment Plan is final and conclusive, and it is thereafter conclusively presumed that the Project Area is a blighted area as defined by Section 33031 of the Redevelopment Law and that all prior proceedings have been duly and regularly taken. Given the language in both Sections 33368 and 33457.1 of the Redevelopment Law, additional description is not appropriate or required due to the fact that the proposed 2004 Amendment will not change the boundaries of the Project Area.

## **SECTION C**

### **Five-Year Implementation Plan That Describes Specific Goals, Objectives, Projects, and Expenditures and a Description of How These Projects Will Improve or Alleviate Blighting Conditions**

VVEDA adopted the Five-Year Implementation Plan for the Project Area on December 28, 1993, pursuant to Section 33490 of the Redevelopment Law. VVEDA adopted a second Five-Year Implementation Plan for the Project Area on December 8, 1999. VVEDA adopted their Midterm Review of the Second Five-Year Implementation Plan (Including Housing Compliance Plan) on October 8, 2003. The Implementation Plan contains specific goals and objectives of the Agency for the Project Area, the specific projects and expenditures proposed to be made during the five-year period, and an explanation of how these goals, objectives, and expenditures will eliminate blight within the Project Area.

## **SECTION D**

### **Why the Elimination of Blight and Redevelopment Cannot Be Accomplished by Private Enterprise Acting Alone or by VVEDA's Use of Financing Alternatives Other Than Tax Increment**

Section 33352(d) of the Redevelopment Law requires an explanation of why the elimination of blight in the Project Area cannot be accomplished by private enterprise alone, or by VVEDA's use of financing alternatives other than tax increment financing. This information was previously provided in the supporting documentation prepared and provided at the time the Project Area was adopted. The proposed 2004 Amendment will not make any changes which would affect the validity of the previously prepared documentation.

## **SECTION E**

### **The Method of Financing**

Section 33352(e) of the Redevelopment Law requires inclusion of a proposed method of financing the redevelopment of the Project Area. This documentation was provided at the time the Project Area was adopted. Because the proposed 2004 Amendment will not enlarge the Project Area or change the proposed method of financing, this proposed 2004 Amendment will not change the analysis prepared at the time the Project Area was adopted. This 2004 Amendment only affects the use of funds attributable to the Redevelopment Project Area and does not affect or impact, in any way, the distribution of revenues to the VVEDA members or affected taxing entities. Therefore, the proposed 2004 Amendment does not warrant that this section be prepared.

## **SECTION F**

### **The Relocation Plan**

Section 33352(f) of the Redevelopment Law requires inclusion of a plan and method of relocation in the Project Area. This information was provided in the supporting documentation prepared and provided at the time the Project Area was adopted. Pursuant to Section 33457.1 of the Redevelopment Law, and because the proposed 2004 Amendment will not enlarge the Project Area or change the previously prepared and adopted Relocation Plan, the proposed 2004 Amendment does not warrant the preparation of this section.

## **SECTION G**

### **Analysis of the Preliminary Plan**

Section 33352(g) of the Redevelopment Law requires the inclusion of an analysis of the Preliminary Plan. This information was provided in the supporting documentation prepared at the time the Project Area was adopted. Pursuant to Section 33457.1 of the Redevelopment Law, and because the analysis of the Preliminary Plan remains the same and is not affected by the proposed 2004 Amendment, additional analysis is not required.

## **SECTION H**

### **Report and Recommendation of the Planning Commission**

Section 33352(h) of the Redevelopment Law requires inclusion of a report and recommendation of the Planning Commission. This information was provided in the supporting documentation which was prepared at the time the Project Area was adopted. The Agency did not request a report and recommendation of the Planning Commission, pursuant to Section 33453 of the Redevelopment Law, because the proposed 2004 Amendment will not affect the land use provisions of the Plan and it was previously determined that the Plan was in conformance with the adopted General Plans of the participating jurisdictions of VVEDA.

## **SECTION I**

### **Project Area Committee Requirement**

Section 33352(i) of the Redevelopment Law requires a summary of information presented to the Project Area Committee ("PAC"). However, Section 33320.5(f) of the Redevelopment Law states that the formation of a Project Area Committee is not required with respect to the adoption of a redevelopment plan, or the amendment of a redevelopment plan, which involves a military base closure redevelopment project and a joint powers agency acting as the redevelopment agency. Therefore, the preparation of this section is not required.

## **SECTION J**

### **General Plan Conformance**

Section 33352(j) of the Redevelopment Law requires a report of General Plan Conformance per Section 65402 of the Government Code. Information which determined that the Redevelopment Plan was in conformance with the General Plans was provided in the documentation which was prepared at the time the Project Area was adopted. VVEDA is not required to prepare this section due to the fact that the proposed 2004 Amendment does not contain provisions which would alter land use designations, nor does the proposed 2004 Amendment affect the land use provisions of the Plan.

## **SECTION K**

### **Environmental Documentation**

Section 33352(k) of the Redevelopment Law requires the inclusion of the report prepared pursuant to Section 21151 of the Public Resources Code. An Initial study was not prepared in connection with the proposed 2004 Amendment, pursuant to California Environmental Quality Act ("CEQA") guidelines, because it was determined that the proposed 2004 Amendment will only make textual changes to the Redevelopment Plan and not result in the construction of any facilities or the establishment of any programs outside the scope of the Redevelopment Plan, i.e., that the 2004 Amendment is not a "Project" as defined in CEQA that has the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Likewise, the 2004 Amendment is exempt from CEQA compliance under the common sense exemption set forth in the CEQA Guidelines. The proposed 2004 Amendment will not have a significant adverse impact on the environment and a Notice of Exemption for the proposed 2004 Amendment was prepared. VVEDA will consider the assessment, staff recommendations and public input at the public hearing scheduled for June 9, 2004.

## **SECTION L**

### **Report of the County Fiscal Officer**

The proposed 2003 Amendment will not enlarge the Project Area; therefore, it is not necessary for VVEDA to request a base year report from the County of San Bernardino ("County") pursuant to Redevelopment Law Section 33328. This information was provided in the supporting documentation which was prepared and provided at the time the Project Area was adopted. Because the proposed 2004 Amendment will not alter the boundaries of the Project Area, this report is not needed or required.

## **SECTION M**

### **Neighborhood Impact Report**

Section 33352(m) of the Redevelopment Law requires the inclusion of a Neighborhood Impact Report. This information was provided in the supporting documentation which was prepared and provided at the time the Project Area was adopted. Pursuant to Section 33457.1 of the Redevelopment Law, because this proposed 2004 Amendment will not enlarge the Project Area, no additional analysis would be appropriate or required.

## **SECTION N**

### **Analysis of the Report Prepared by the County Fiscal Officer, a Summary of Consultations with Affected Taxing Agencies, and Response to Affected Taxing Agencies' Concerns Regarding the proposed 2004 Amendment**

The Agency did not submit a request to the County to prepare a report pursuant to Section 33328 of the Redevelopment Law. Because the proposed 2004 Amendment will not add area to the Project Area, it was neither required nor appropriate to prepare such a report; therefore, a summary of this report is not included. With regard to consultations with affected taxing agencies, this 2004 Amendment only affects the use of funds attributable to the Redevelopment Project Area and does not affect or impact, in any way, the distribution of revenues to the affected taxing entities, nor will it significantly change land uses or public improvement projects and, therefore, additional consultations are not needed.



**VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY**

**AGENDA**

June 9, 2004

Item:           **RESOLUTION OF THE COMMISSION FOR THE VICTOR VALLEY  
ECONOMIC DEVELOPMENT AUTHORITY FINDING THAT THE  
FORMATION OF A PROJECT AREA COMMITTEE IS NOT  
REQUIRED IN CONNECTION WITH THE PROPOSED 2004  
AMENDMENT TO THE 1993 VICTOR VALLEY  
REDEVELOPMENT PLAN (AMENDMENT NO. 6)**

Action to  
be Taken:       Adopt Resolution 04-010

**Certified copy of Resolution to be returned to Green, de Bortnowsky & Quintanilla, LLP**

**VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY**

**RESOLUTION NO. 04-010**

**RESOLUTION OF THE COMMISSION FOR THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY FINDING THAT THE FORMATION OF A PROJECT AREA COMMITTEE IS NOT REQUIRED IN CONNECTION WITH THE PROPOSED 2004 AMENDMENT TO THE 1993 VICTOR VALLEY REDEVELOPMENT PLAN (AMENDMENT NO. 6)**

**WHEREAS**, the Victor Valley Economic Development Authority ("VVEDA") is a joint powers authority which was formed for the purposes of causing the redevelopment of former George Air Force Base ("GAFB") (now known as Southern California Logistics Airport) and certain areas in proximity thereto in accordance with the provisions of Health and Safety Code Section 33492.40; and

**WHEREAS**, VVEDA was formed and presently exists pursuant to a certain Fourth Amended Joint Exercise of Powers Agreement (the "Joint Powers Agreement") by and among the City of Victorville, City of Adelanto, City of Hesperia, Town of Apple Valley and County of San Bernardino (collectively the "Members"); and

**WHEREAS**, under Section 33492.40 of Health and Safety Code, VVEDA, although not organized as a redevelopment agency, has and shall exclusively exercise redevelopment powers in furtherance of the redevelopment of a project area approved by VVEDA and, in addition to exercising the powers of a redevelopment agency, shall act as the legislative body and planning commission for all approvals and actions of the legislative bodies and planning commissions for the adoption and implementation of a redevelopment plan; and

**WHEREAS**, in order to promote the civilian reuse of former GAFB, VVEDA has previously taken certain actions with respect to the adoption of the 1993 Victor Valley Redevelopment Plan, as amended (the ARedevelopment Plan@); and

**WHEREAS**, certain of the Members have deemed it desirable at this time to seek an amendment to the existing Redevelopment Plan (the A2004 Amendment@) in order to provide for the deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the Health and Safety Code for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities; and

**WHEREAS**, under Health and Safety Code Section 33492.40(f), VVEDA as a joint powers agency acting as the legislative body, is exempt from forming a project area committee pursuant to Section 33347.5 to review the 2004 Amendment.

**NOW THEREFORE, BE IT RESOLVED:**

SECTION 1. The Recitals contained herein are true and correct and are incorporated herein by this reference.

SECTION 2. VVEDA is exempt under Health and Safety Code Section 33492.40(f) from forming a project area committee to review the 2004 Amendment.

SECTION 3. This Resolution shall take effect upon the date of its adoption.

This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED AND ADOPTED this 9<sup>th</sup> day of June, 2004, by the following vote:

AYES:	<u>NASSIE, PACK, NEHMENS, MITZELFELT, CALDWELL</u>
NOES:	<u>NONE</u>
ABSENT:	<u>POSTMUS</u>
ABSTAIN:	<u>NONE</u>

Terry E. Caldwell  
Vice-Chairman of the Governing Board  
of the Victor Valley Economic  
Development Authority

(SEAL)

ATTEST:  
Mary Morgan  
Secretary to the Victor Valley  
Economic Development Authority

**VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY**

**AGENDA**

June 9, 2004

Item:           **RESOLUTION OF THE COMMISSION FOR  
THE VICTOR VALLEY ECONOMIC DEVELOPMENT  
AUTHORITY RECEIVING THE PROPOSED REPORT TO  
LEGISLATIVE BODY FOR THE 2004 AMENDMENT TO  
THE 1993 VICTOR VALLEY REDEVELOPMENT PLAN  
(AMENDMENT NO. 6)**

Exhibit A – Report to the Legislative Body for the 2004 Amendment to the  
1993 Victor Valley Redevelopment Plan (Amendment No. 6)

Action to  
be Taken:       Adopt Resolution 04-011 append Exhibit A.

**Certified copy of Resolution to be returned to Green, de Bortnowsky & Quintanilla, LLP**

**VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY**

**RESOLUTION NO. 04-011**

**RESOLUTION OF THE COMMISSION FOR THE VICTOR  
VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
RECEIVING THE PROPOSED REPORT TO LEGISLATIVE  
BODY FOR THE 2004 AMENDMENT TO THE 1993 VICTOR  
VALLEY REDEVELOPMENT PLAN (AMENDMENT NO. 6)**

**WHEREAS**, the Victor Valley Economic Development Authority ("VVEDA") is a joint powers authority which was formed for the purposes of causing the redevelopment of former George Air Force Base ("GAFB") (now known as Southern California Logistics Airport) and certain areas in proximity thereto in accordance with the provisions of Health and Safety Code Section 33492.40; and

**WHEREAS**, VVEDA was formed and presently exists pursuant to a certain Fourth Amended Joint Exercise of Powers Agreement (the "Joint Powers Agreement") by and among the City of Victorville, City of Adelanto, City of Hesperia, Town of Apple Valley and County of San Bernardino (collectively the "Members"); and

**WHEREAS**, under Section 33492.40 of Health and Safety Code, VVEDA, although not organized as a redevelopment agency, has and shall exclusively exercise redevelopment powers in furtherance of the redevelopment of a project area approved by VVEDA and, in addition to exercising the powers of a redevelopment agency, shall act as the legislative body and planning commission for all approvals and actions of the legislative bodies and planning commissions for the adoption and implementation of a redevelopment plan; and

**WHEREAS**, in order to promote the civilian reuse of former GAFB, VVEDA has previously taken certain actions with respect to the adoption of the 1993 Victor Valley Redevelopment Plan, as amended (the ARedevelopment Plan@); and

**WHEREAS**, certain of the Members have deemed it desirable at this time to seek an amendment to the existing Redevelopment Plan (the A2004 Amendment@) in order to provide for the deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the Health and Safety Code for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities; and

**WHEREAS**, under Health and Safety Code Section 33457.1, VVEDA must receive and make available to the public prior to the public hearing, a report pursuant to Section 33352; and

**WHEREAS**, VVEDA's staff has prepared the proposed Report to Legislative Body for the 2004 Amendment, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference.

**NOW THEREFORE, BE IT RESOLVED:**

SECTION 1. The Recitals contained herein are true and correct and are incorporated herein by this reference.

SECTION 2. VVEDA hereby receives the proposed Report to Legislative Body for the 2004 Amendment attached hereto as Exhibit AA@ and incorporated herein by this reference.

SECTION 3. VVEDA approves for public review the proposed Report to Legislative Body for the 2004 Amendment of which is now on file in the office of the Secretary substantially in the form and content presented to VVEDA.

SECTION 4. VVEDA's staff is hereby authorized to make such modifications and revisions to the Report to Legislative Body for the 2004 Amendment as may be necessary or appropriate.

SECTION 5. This Resolution shall take effect upon the date of its adoption.

This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED AND ADOPTED this 9<sup>th</sup> day of June, 2004, by the following vote:

AYES:	<u>NASSIF, PACK, NEHMENS, MITZELFELT, CALDWELL</u>
NOES:	<u>NONE</u>
ABSENT:	<u>POSTMUS</u>
ABSTAIN:	<u>NONE</u>

*Terry E. Caldwell*  
Vice-Chairman of the Governing Board  
of the Victor Valley Economic  
Development Authority

(SEAL)

ATTEST:

*Mary Morgan*  
Secretary to the Victor Valley  
Economic Development Authority

EXHIBIT "A"

REPORT TO THE LEGISLATIVE BODY FOR THE 2004 AMENDMENT TO THE 1993  
VICTOR VALLEY REDEVELOPMENT PLAN (AMENDMENT NO. 6)

# HOUSING COMPLIANCE PLAN

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This section of the Implementation Plan has been prepared to meet the requirements of Section 33413(b)(4) of the Community Redevelopment Law, California Health and Safety Code Section 33000, et seq. ("Law"). Section 33413(b)(4) requires that this Housing Compliance Plan include the contents required by Section 33490(a)(2) and (3) and be adopted by VVEDA prior to December 31, 1994, as part of the implementation plan required by Section 33490 of the Law.

VVEDA adopted the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project ("Redevelopment Plan") on December 28, 1993 by Ordinance No. 2, and thereby created the Project Area. The Project Area includes territory within the cities of Victorville and Hesperia, the Town of Apple Valley, and unincorporated territory within the County of San Bernardino, herein referred to as the "Participating Jurisdictions."

The Housing Compliance Plan has been developed to accomplish the following goals:

- To account for the number of affordable dwelling units, either constructed or substantially rehabilitated, in the Project Area since adoption;
- To assess existing needs for the production of affordable housing as a result of the construction or substantial rehabilitation of dwelling units since the Project Area was adopted;
- To estimate the current funds available in, and projected deposits to, the Housing Fund;
- To estimate the number of new, rehabilitated, or price-restricted housing units to be assisted during each of the five years, and estimates of the expenditures of monies from the Housing Fund;
- To estimate the number of new, substantially rehabilitated, or price-restricted residential units to be developed or purchased both over the life of the Redevelopment Plan and during the next ten years, and the number of such units of very low, low, and moderate income households required to be developed to comply with Section 33413(b)(2) of the Law;
- To estimate the number of units of very low, low, and moderate income households which have been developed which meet the requirements of Section 33413(b)(2) of the Law;
- To estimate the number of VVEDA-developed units which will be developed during the next five years which will be governed by Section 33413(b)(1) of the Law, and the number of such units for very low, low, and moderate income households;



- To identify the proposed locations for replacement housing VVEDA may be required to produce if the implementation of a redevelopment project will result in the destruction of existing affordable housing; and
- To review the affordable housing goals, objectives, and programs contained in each of the Participating Jurisdictions' Housing Elements to ensure that this Housing Compliance Plan is consistent with their Housing Elements.

There are a number of unique circumstances related to the current status of VVEDA's funding and project implementation that render a definitive completion of the Housing Compliance Plan infeasible at this time. These circumstances include the recently enacted legislation adjusting the base year value, the addition of the City of Adelanto to the joint powers authority, the lack of any tax increment revenue received to date, and complications involving multiple jurisdictions controlling land use policies over the non-airbase portions of the Project Area. Due to these circumstances, the Housing Compliance Plan has been left essentially as it appeared in the first Implementation Plan (adopted in December, 1997), and will be subject to revision once these extenuating circumstances have been resolved.

## Policy Issues

There are certain policy issues that can be addressed by adoption of this Housing Compliance Plan. These include:

1. Determine how the member jurisdictions will implement required affordable housing programs and achieve reporting requirements pertaining thereto.
2. Determine how VVEDA will report housing compliance requirements comprised of the sub-reports prepared by member jurisdictions.

To this end, the following policies are adopted as a part of this Implementation Plan:

1. Each member jurisdiction shall annually calculate the number of housing produced, destroyed and/or deed restricted within their portion of the Project Area to meet the requirements of Section 33413. This shall include the number of housing units produced by the member jurisdiction's redevelopment agency, the number produced by private interests, the number destroyed as a result of any redevelopment activity subject to a written agreement with an agency, and the number of units with an affordability covenant recorded against the property.
2. Each member jurisdiction shall account for the housing funds received by it for the purposes of carrying out affordable housing programs within that member jurisdiction's territory. This shall include assuring that all funds are spent in accordance with State law.
3. Each member jurisdiction shall annually provide information to the VVEDA Executive Director or his/her designee as requested.

4. If a member jurisdiction fails to comply with these policies, or fails to comply with State law pertaining to the housing fund, its expenditure, and reporting requirements pertaining thereto, future tax increment deposits for the low and moderate income housing fund to that member jurisdiction may be withheld by VVEDA. If this event occurs, the member jurisdiction shall adopt a plan for remedying the situation, and once the situation is corrected, tax increment deposits (less administrative and other expenses related to the violation) will again commence to that member jurisdiction.

# LEGAL REQUIREMENTS

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The provisions of Section 33413(b)(4) of the Law require all redevelopment agencies to adopt and periodically update a plan to ensure compliance with the existing criteria of Section 33413 of the Law regarding the affordability mix of new or rehabilitated housing units. Since 1976, redevelopment agencies have been required to assure that at least thirty percent (30%) of all new or rehabilitated units developed by an agency are available at affordable costs to households of low or moderate income (not to exceed 120% of area median income). Of this thirty percent (30%), not less than fifty percent (50%), that is, fifteen percent (15%) of the total project area units developed or rehabilitated by an agency, are required to be available at affordable costs to very low income (50% or below of area median income) households. Further, Section 33413 requires that at least fifteen percent (15%) of all new or substantially rehabilitated dwelling units developed within each project area by entities other than an agency be made available at affordable costs to low or moderate income households. Of this fifteen percent (15%), not less than forty percent (40%) of the dwelling units, that is six percent (6%) of the total units developed in the project area, are required to be available at affordable costs to very low income households. These requirements are applicable to housing units as aggregated and not on a case-by-case basis to each dwelling unit created or rehabilitated unless so required by an agency.

The Housing Compliance Plan must be consistent with the Participating Jurisdiction's housing elements and must also be reviewed and, if necessary, amended at least every five (5) years with either the housing element's cycle or the implementation plan cycle.

The Law requires that the Housing Compliance Plan contain the contents required by Section 33490(a)(2) and (3) which include the number of units of very low, low, and moderate income households, which have been developed in the project area which meet the requirements of 33413(b)(2) and estimates of the following:

- The number of new, substantially rehabilitated, or price-restricted residential units to be developed or purchased within the Project Area for a ten (10) year period, as well as over the duration of the Redevelopment Plan.
  - Of these, the number of units for very low income households, and
  - The number of units for low and moderate income households.
- The number of units to be developed by VVEDA for a five (5) year period.
  - Of these, the number of units for very low income households, and
  - The number of units for low and moderate income households.

If, at the end of each ten (10) year period, the production estimate is not realized, the Law requires that VVEDA meet the production goals on an annual basis until the requirements for the ten (10) year period are met. Should VVEDA exceed the production requirements within the ten (10) year period, the Law permits VVEDA to count the units that exceed the requirements to meet housing production requirements during the next ten (10) year period.

# DEFINITIONS AND DATA COMPILATION

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Section 33413 of the Law requires that this Housing Compliance Plan take into account all residential construction or substantial rehabilitation that has occurred within the Project Area since adoption in order to determine affordable housing production needs. This Housing Compliance Plan includes figures for existing residential construction and substantial rehabilitation, and projections for the number of additional dwelling units to be constructed or substantially rehabilitated during the next ten (10) years and over the life of the Redevelopment Plan. The following sections define "new construction" and "substantial rehabilitation" as used in this Housing Compliance Plan, as well as the methodology used for collecting data on both existing and projected housing units.

1. **New Construction:** Construction statistics were provided by the staff members of each Participating Jurisdiction. Because the Law does not establish a clear definition for new construction, staff members and the consultant formed a "definition" of what would be considered new construction for the purposes of this Housing Compliance Plan. Dwelling units with building permits issued since the adoption date of the Project Area were considered to be new construction. Therefore, these units would fall under the requirements for production of affordable housing within the Project Area pursuant to Section 33413 of the Law. Projections are affected by numerous complex factors as: the general health of the local, regional, and national economy; employment levels; competition; and inventory of existing housing. Based upon the recent economic trends, a projection of new units to be constructed over the next ten (10) years is difficult. Projections for future dwelling units to be constructed within the Project Area used in this Housing Compliance Plan are based upon existing land uses and recent historical trends of building permits issued for residential units. Staff does not anticipate that the Project Area will experience buildout within the ten (10) year time frame covered by this Housing Compliance Plan.

It should be noted that neither the existing housing stock nor projections for future dwelling units in the Project Area include any units to be developed by VVEDA. According to staff, VVEDA and its members from each Participating Jurisdiction do not anticipate directly developing or rehabilitating any dwelling units which would trigger the thirty percent (30%) affordable housing requirement of Section 33413(b)(1) of the Law. However, VVEDA and its members from each Participating Jurisdiction will cooperate with and provide assistance and incentives to private developers in order to meet affordable housing production goals.

2. **Substantial Rehabilitation:** The Law, as amended by AB 1290, defines "substantial rehabilitation" as:

*"....substantially rehabilitated multifamily rented dwelling units with three or more units or substantially rehabilitated, with agency assistance, single-family dwelling units with one or two units."*  
33413(b)(2)(A)(iii)

As defined by AB 1290 "substantially rehabilitated dwelling units" means:

*"....rehabilitation, the value of which constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value."* 33413(b)(2)(A)(iv)

According to data provided by staff, to date, no units have undergone substantial rehabilitation, as defined above, in the Project Area. Substantial rehabilitation has probably not occurred because of the lack of revenue. Until significant revenue is generated, this Housing Compliance Plan does not assume that any future substantial rehabilitation will occur.

# PROVISION OF AFFORDABLE HOUSING TO DATE

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For all redevelopment project areas adopted after January 1, 1976, Health and Safety Code Section 33413 requires that affordable housing be provided in conjunction with: (a) the destruction or removal of existing affordable dwelling units within a project area by direct or indirect involvement of a redevelopment agency; and (b) development of new or substantially rehabilitated dwelling units within a project area. The following sections identify the number of dwelling units which have been destroyed/removed, constructed, or substantially rehabilitated within the Project Area to date. Section D identifies affordable housing units required in the Project Area due to the development of housing units from the Project Area adoption.

## A. Dwelling Units Destroyed or Removed Directly or Indirectly by Agency

As of the date of this Housing Compliance Plan, VVEDA has not destroyed (or removed) any units housing persons and families of low and moderate income in the Project Area, or assisted financially with projects that resulted in the destruction or removal of such dwelling units.

At this time, VVEDA does not have any plans to destroy, remove, or to assist financially with projects that result in the destruction or removal of any affordable housing units. Therefore, no replacement housing is anticipated at this time.

However, if future projects within the Project Area result in the destruction or removal of any affordable housing units, VVEDA will be required to provide relocation assistance for the displaced residents and to replace the units within four years of their demolition.

## B. Dwelling Units Constructed or Substantially Rehabilitated within the Project Area to Date

As shown on Table 1, the number of dwelling units constructed within the Project Area to date is at least 1,287 (City of Victorville-1,287, City of Hesperia-To Be Determined, Town of Apple Valley-To Be Determined, San Bernardino County-To Be Determined). All of these dwelling units were developed privately. VVEDA has not developed housing units in the Project Area.

Using historical records and the definition of "substantial rehabilitation" added by AB 1290, and data provided by staff from the Participating Jurisdictions, it has been determined that there have not been any dwelling units substantially rehabilitated in the Project Area by either VVEDA or a non-VVEDA entity.

TABLE 1	
UNITS DESTROYED/REMOVED CONSTRUCTED AND REHABILITATED 1993 (Project Adoption) to 1997	
UNITS DESTROYED OR REMOVED BY VVEDA	0
UNITS CONSTRUCTED:	
VVEDA Developed Units	0
Privately Developed Units:	
City of Victorville	1,287
City of Hesperia	TBD
County of San Bernardino	TBD
Town of Apple Valley	TBD
TOTAL:	1,287
UNITS SUBSTANTIALLY REHABILITATED	0
Notes: TBD = To Be Determined	
VVEDA\SYRIMP\TABLE 1	

**C. Dwelling Units Constructed or Rehabilitated as Affordable Housing to Date**

To date, VVEDA has not constructed or rehabilitated any units as affordable housing.

**D. Affordable Housing Units Required**

Section 33413(b)(2) of the Law requires that at least fifteen percent (15%) of all new and substantially rehabilitated dwelling units completed within a project area by public or private entities (other than the agency), must be available at affordable housing cost levels to persons and families of low or moderate incomes. Of these, not less than forty percent (40%) (or six percent (6%) of all units constructed or substantially rehabilitated in the Project Area) are required to be made available at costs affordable to very low income households.



In the Project Area, there have been a total of at least 1,287 privately developed units constructed since the project was adopted in 1993. As shown on Table 2, Section 33413(b)(2) of the Law requires that a total of at least 193 units or (15% of 1,287) affordable housing units be provided in the Project Area. Of the 193 affordable housing units currently required for the Project Area, at least 77 units must be at the very low income household level, and at least 116 units must be at the low or moderate income level. VVEDA needs to produce these affordable housing units during the next ten (10) years to meet the affordable housing unit requirement created by the development that has occurred within the Project Area. See Table 2 below.

TABLE 2						
INCLUSIONARY AFFORDABLE HOUSING PRODUCTION						
	Total Private Rehab. Units		Affordability Requirement	Required Affordable Units	Required Very Low Income Units	Required Low/Moderate Income Units
1993 (Project Adoption) to 1997	1,287	x	15%	193	77	116
Note: Housing unit data from various Participating Jurisdictions is yet to be determined. Therefore, these figures may change.						
VVEDAS/RYMP/TABLE 2						

VVEDA has not been required to replace any destroyed units and has not produced any units with affordability covenants as shown in Table 3 below. Therefore, VVEDA has an affordable housing unit deficit of at least 193 units, of which at least 77 units must be available to very low income households and at least 116 units must be available to low and moderate income households.

TABLE 3			
TOTAL AFFORDABLE HOUSING UNITS REQUIRED			
1993 (Project Adoption) to 1997			
	Total Units	Very Low Income Units	Low/Moderate Income Units
Replacement Units Required	0	0	0
Inclusionary Affordable Units Required	193	77	116
	193	77	116
Units with Affordability Covenants	0	0	0
Total Affordable Units Required	193	77	116
Note: Housing unit data from various Participating Jurisdictions is yet to be determined. Therefore, these figures may change.			
VVEDAS/RYMP/TABLE 3			

# FUTURE AFFORDABLE DWELLING UNITS

Estimates for the total number of dwelling units to be constructed within the Project Area during the next ten (10) years and over the life of the Project Area were calculated by examining existing land uses, recent growth trends within the Project Area, and proposed land uses designated in the General Plans of the Participating Jurisdictions. The total number of housing units estimated to be developed over the next ten (10) years and over the life of the Project Area is at least 4,400 units as shown in Table 4 below.

TABLE 4		
FUTURE HOUSING UNITS 1997 TO 2007 AND OVER LIFE OF PLAN		
	1997-2007	LIFE OF PLAN
Estimated Number of Units:		
City of Victorville	4,000	4,400
City of Hesperia	TBD	TBD
County of San Bernardino	TBD	TBD
Town of Apple Valley	TBD	TBD
	4,000	4,400
Notes: TBD = To Be Determined		
VVEDAISYRIMP/TABLE 4		

Section 33413(b)(2) of the Law requires that of the estimated number of units to be constructed in the Project Area, at least fifteen (15) or (15% of 100) must be available at affordable housing cost levels. As shown on Table 5 below, at least 240 units or (40% of the 15%) must be available for households with very low income levels and at least 360 units must be made available to households with low or moderate income levels during the next ten (10) years. As previously discussed, this Housing Compliance Plan assumes that no housing units will be substantially rehabilitated by either the Agency or non-Agency parties during the next ten (10) years, nor during the life of the Plan.

TABLE 5						
FUTURE HOUSING PRODUCTION AND AFFORDABLE HOUSING UNITS REQUIRED 1997-2007 AND OVER LIFE OF PLAN						
	Total Units		Affordability Requirement	Required Affordable Units	Required Very Low Income Units	Required Low/Moderate Income Units
Ten Year Unit Projection (1997-2007)	4,000	x	15%	600	240	360
Additional Unit Projection (2007 to end of Plan)	400	x	15%	60	24	36
TOTAL	4,400			660	264	396

Note: Housing unit data from various Participating Jurisdictions is yet to be determined. Therefore, these figures may change.

VVEDA\SYRIMP\TABLE 5

## PROPOSED AFFORDABLE HOUSING PROGRAMS

### A. Projections of Agency Twenty Percent (20%) Low and Moderate Income Housing Set-Aside Funds

Section 33334.2 of the Law requires that VVEDA set aside not less than twenty percent (20%) of all tax increment revenue allocated to VVEDA pursuant to Section 33670 of the Law into a separate housing fund account for the Project Area, to be used by VVEDA for the purpose of increasing, improving, and preserving the community's supply of low and moderate income available at affordable housing cost, to persons and families of low or moderate income and very low income households unless specific findings, as set forth in Section 33334.2 of the Law, are made. In addition, as set forth in Section 33334.4 of the Law, it is the stated policy of the Legislature that "...it shall be the policy of each agency to expend, over the duration of a redevelopment plan, the moneys in the Low and Moderate Income Housing Fund to assist housing for persons of low and very low income in at least the same proportion as the total number of housing units needed for those income groups which are not being provided by other governmental programs bears to the total number of units needed for persons of moderate, low, and very low income within the community."

As required by Section 33334.2 of the Law, VVEDA will set aside twenty percent (20%) of tax increment revenue allocated to VVEDA from the Project Area into a separate housing fund account as tax increment revenue is generated. As described in the Implementation Plan, special legislation was recently adopted changing the base year for the Project Area to 1997-98. VVEDA is currently working with County staff to implement this new legislation and once the methodology for calculating revenue is finalized, new revenue projections, including projection of housing set-aside funds, will be prepared.

To address how tax increment revenue is distributed amongst the Participating Jurisdictions, an agreement has been approved. The Third Amended and Restated Joint Exercise of Powers Agreement ("Third Amended Agreement") entered into by the Town of Apple Valley, City of Hesperia, City of Victorville, and the County of San Bernardino establishes how tax increment revenue generated by the Project Area is to be distributed. Specifics on this distribution is described in the Implementation Plan. The following is a general summary of how the 20% set-aside revenue is to be allocated to the Low and Moderate Income Housing Fund. For fiscal years 1997-98 and 1998-99, all tax increment shall be allocated solely for use on the Air Base parcels, setting aside 20% for low and moderate income housing purposes. Thereafter, all tax increment revenue generated by the Air Base parcels will be allocated for use on the Air Base, setting aside 20% for low and moderate income housing purposes. The tax increment revenue generated by Project Area property other than the Air Base will be allocated in the following manner: 20% of this revenue shall be set aside for low and moderate income housing, of which one-half shall be allocated to the Air Base parcels and one-half shall be allocated amongst the Participating Jurisdictions.

#### **B. Other Agency Revenues**

VVEDA may use a number of revenue sources for low and moderate income housing purposes, as they are available. One such source is the nonhousing Redevelopment Fund. However, because of VVEDA's lack of revenue, only 20% of tax increment revenue generated is expected to be used for housing purposes. Over the next five years, no revenue from the Agency's Redevelopment Fund (nonhousing) is currently projected to be available to assist with the implementation of affordable housing projects.

### C. Federal/State Revenue Sources

1. **Federal Programs:** After reaching a peak in the late 1960's and early 1970's, federal assistance for affordable housing projects has decreased significantly during the 1980's and 1990's. The major source of housing assistance, the Department of Housing and Urban Development ("HUD"), had their budget slashed dramatically during the 1980's. HUD still provides some funds for community planning and development activities through Community Development Block Grants (CDBG) and rental subsidies through the Section 8 program.
2. **State Programs:** In conjunction with this Housing Compliance Plan, VVEDA may research available state affordable housing funding sources administered by the State Department of Housing and Community Development. Potential State housing programs which should be researched and evaluated include:

- California Homeownership Assistance Program
- California Housing Rehabilitation Program
- Proposition 84 Housing Funds
- Proposition 77 Housing Funds
- California Housing Finance Authority - New Construction

### D. Other Financial Resources

1. **Low Income Housing Tax Credit:** As part of the 1986 Tax Reform Act, a new tax credit was made available to developers of new or rehabilitated rental housing. Use of the tax credit is possible if one of the following criteria is met: at least twenty percent (20%) of the completed units are rented to households at or below fifty percent (50%) of the area median gross income; or at least forty percent (40%) of the units are rented to households at or below sixty percent (60%) of the area median gross income. Rents on tax credit units cannot exceed thirty percent (30%) of the maximum income limits based upon household size.
2. **Tax Exempt Financing:** VVEDA has the legal power to issue tax exempt bonds or notes for the development (including rehabilitation) of both single family and multifamily housing. In addition, VVEDA with the Participating Jurisdictions can cooperate with the California Housing Finance Agency (CHFA) in bond issues. Such bonds must be issued under established federal and state requirements.

Multifamily revenue bonds may be issued to finance rental apartment projects. These bonds can be used to provide construction financing and permanent financing for newly built projects, and in some cases to provide for the acquisition and substantial rehabilitation of existing projects. Single family mortgage revenue bonds can be issued to provide below market mortgages for first time home buyers.

## PROPOSED IMPLEMENTATION POLICIES/PROGRAMS

### Proposed Programs

To meet the current deficiency of at least 193 units of very low, low, and moderate income housing units, the projected need over 10 years, and over the life of the Redevelopment Plan, VVEDA may undertake the following potential programs:

- First-time home buyers program (silent second mortgages)
- Interest rate subsidy program for qualified home buyers
- Multifamily rental housing rehabilitation program
- Scattered site acquisition and resale program involving the Resolution Trust Corporation (RTC) and nonprofit agencies
- Rehabilitation loans
- Rehabilitation grants
- Revenue bond financing for new construction

There are a variety of techniques currently available to address the provision of affordable housing. The legal and financial tools available do change from time to time. VVEDA will be flexible and should experiment with techniques to see which work best within the Project Area. As new tools become available, these should be explored. By employing a variety of techniques, VVEDA can maximize its production of affordable housing while reducing its risk through diversification. On the basis of its experience over time, VVEDA can continually refine its programs to achieve the greatest production within the income areas of greatest need with the most efficient investment of its funds. VVEDA shall prioritize housing programs that achieve meaningful progress toward the goals of this Housing Compliance Plan and the production of affordable housing units.

## PROPOSED IMPLEMENTATION PROGRAMS AND PROJECTS

To meet VVEDA's deficiency of at least 193 affordable housing units, VVEDA will pursue affordable housing projects and other eligible housing programs as housing revenue becomes available. There is a strong possibility that this deficit may not be reduced over the next five years because of the lack of revenue. Therefore, VVEDA will have to implement these programs and projects over the next ten (10) years.

## SCHEDULE OF ACTIONS/AVAILABLE REVENUE FOR IMPLEMENTING AFFORDABLE HOUSING PROGRAMS AND PROJECTS

The timeline for VVEDA's affordable housing programs to eliminate its current and projected affordable housing unit deficit will be dependent on each Participating Jurisdictions specific program schedule. Assuming conservatively that the Project Area's tax increment revenue increases at an annual 2% growth rate, the Project Area is expected to generate approximately \$3.5 in housing revenue over the next ten years. The revenue generated will be used to help eliminate the current and projected housing unit deficit.

## CONSISTENCY OF HOUSING COMPLIANCE PLAN WITH PARTICIPATING JURISDICTIONS' HOUSING ELEMENTS

The programs outlined in this Housing Compliance Plan further the objectives of the Housing Elements of each of the Participating Jurisdictions. A major focal point of the goals and objectives of each Housing Element is to provide housing for all economic segments of the Project Area, especially lower income families. Because the major goal of this Housing Compliance Plan is also to provide housing for these lower income households, and the proposed plans and programs for improving the supply of affordable housing in the Project Area presented in this Housing Compliance Plan are similar to plans and policies of each Housing Element, there is clearly a high degree of consistency between the Housing Compliance Plan and each Housing Element.

# MEMO

**TO:** Community, Economic and Human Development Committee (CEHD)

**FROM:** Jacob Lieb, Acting Lead Regional Planner, lieb@scag.ca.gov, (213) 236-1921

**SUBJECT:** Regional Housing Needs Assessment (RHNA) Status, Pending Process and Litigation

**DATE:** August 5, 2004

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The purpose of this report is to update the Committee on various issues affecting the conduct of the Regional Housing Needs Assessment (RHNA) and to inform the Committee of the status of litigation resulting from the RHNA completed in 2000. Under current state law, SCAG was scheduled to begin work on the RHNA on July 1, 2004. Several pending issues, as described below, preclude the commencement of work at this time.

On June 3, 2004, the Regional Council voted unanimously to support AB 2158, which would reform the conduct of the regional housing need allocation process. Among other reforms, the bill would allow SCAG to seek a change in the region's Housing Element deadline in order to be concurrent with the RTP update and forecast process. The region's Housing Element deadline is currently July 1, 2006 which necessitates completion of the RHNA allocation by July 1, 2005. Potentially, a change in the deadline coordinated with the RTP would make Housing Elements due on July 1, 2008, and would leave currently completed Housing Elements in place until that time. To date, the bill has passed the Assembly and is scheduled for committee vote in the Senate. Staff anticipates that the bill will pass and be signed into law shortly.

Further, the Commission on State Mandates recently issued a decision which may invalidate the current process for reimbursing work on the RHNA. Through the State budget deliberations, the Legislature has proposed several alternative funding mechanisms, including either a proposal for COGs to charge a fee to members to pay for the program or a direct grant to COGs from HCD. It is likely that some new funding mechanism will be in place when the State budget is approved. However, in the interim, there is substantial uncertainty over how SCAG might cover costs of a new RHNA.

Until such time as AB 2158 becomes law, the current statute calls for SCAG to begin its housing need allocation on July 1, 2004. Given the progress of AB 2158 and uncertainty over how to proceed, SCAG has sought advice from the State Department of Housing and Community Development (HCD). As of July 21, 2004, HCD has not responded.

## **Status of 1999-2000 RHNA Litigation**

On June 16, 2004, SCAG received a notice from Inland Empire Petitioners that a final decision had been entered in the litigation resulting from the 1999-2000 RHNA process. Of note, this decision was signed by the judge on July 7, 2003. However, none of the parties to



# MEMO

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the suit received any notice from the court that the judgment was entered until counsel for the Inland Empire Petitioners discovered it in a routine check of court files on approximately June 11, 2004. This delay in receiving notice of the entry of judgment complicates any potential appeals or other actions in response to the decision, as will be discussed by SCAG counsel in closed session at the August 5, 2004 CEHD meeting.

Attachment:

Notice of Entry of Judgement (RHNA litigation)

1 DOUGLAS J. EVERTZ, State Bar No. 123066  
MARK J. HUEBSCH, State Bar No. 66253  
2 MELANIE MCCALL HOUK, State Bar No. 174040  
ALLISON E. BURNS, State Bar No. 198231  
3 STRADLING YOCCA CARLSON & RAUTH  
A Professional Corporation  
4 660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660-6441  
5 Telephone: (949) 725-4000  
Fax: (949) 725-4100

6 Attorneys for Petitioners/Plaintiffs  
7 CITY OF MORENO VALLEY, CITY OF CHINO HILLS,  
COUNTY OF RIVERSIDE and COUNTY OF SAN  
8 BERNARDINO

9  
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 FOR THE COUNTY OF RIVERSIDE  
12

13 CITY OF MORENO VALLEY, a  
municipal corporation; CITY OF HEMET,  
14 a municipal corporation; CITY OF  
VICTORVILLE, a municipal corporation;  
15 CITY OF CHINO HILLS, a municipal  
corporation; COUNTY OF RIVERSIDE, a  
16 political subdivision of the state of  
California; and COUNTY OF SAN  
17 BERNARDINO, a political subdivision of  
18 the state of California,

19 Petitioners/Plaintiffs,

20 v.

21 SOUTHERN CALIFORNIA  
ASSOCIATION OF GOVERNMENTS, a  
22 regional planning agency and joint powers  
authority; DEPARTMENT OF HOUSING  
23 AND COMMUNITY DEVELOPMENT, a  
department of the Business, Transportation  
24 and Housing Agency of the State of  
25 California; and DOES 1-50, INCLUSIVE,

26 Respondents/Defendants.  
27  
28

**CASE NO. RIC 354003**  
**[Consolidated with LASC Case No.**  
**BC 246755]**

**ASSIGNED FOR ALL PURPOSES TO**  
**HONORABLE ROBERT G. SPITZER**  
**DEPARTMENT 8**

**NOTICE OF ENTRY OF JUDGMENT AND**  
**WRIT OF MANDATE**

**Complaint Filed: January 30, 2001**

1 SOUTHERN CALIFORNIA  
2 ASSOCIATION OF GOVERNMENTS, a  
3 regional planning agency and joint powers  
4 of authority, ORANGE COUNTY  
5 COUNCIL OF GOVERNMENTS, a  
6 subregional planning agency and joint  
7 powers authority, SAN BERNARDINO  
8 ASSOCIATION OF GOVERNMENTS, a  
9 subregional planning agency and joint  
10 powers authority, COACHELLA  
11 VALLEY ASSOCIATION OF  
12 GOVERNMENTS, a subregional planning  
13 agency and joint powers authority,  
14

15 Plaintiffs,

16 vs.

17 JULIE BORNSTEIN, Director of the  
18 Department of Housing and Community  
19 Development, DEPARTMENT OF  
20 HOUSING AND COMMUNITY  
21 DEVELOPMENT, a department of the  
22 Business, Transportation and Housing  
23 Agency of the State of California, MARIA  
24 CONTRERAS-SWEET, Secretary of the  
25 Business Transportation and Housing  
26 Agency, BUSINESS TRANSPORTATION  
27 AND HOUSING AGENCY, an agency of  
28 the Executive Branch of the California  
Government; and DOES 1-50, Inclusive,

Defendants.

PLEASE TAKE NOTICE that a Judgment and Writ of Mandate in the above-captioned proceeding was entered by the Court on July 7, 2003. A true and correct copy of the Judgment and Writ of Mandate is attached hereto as Exhibit "A" and incorporated herein by reference.

DATED: June 12, 2004

STRADLING YOCCA CARLSON & RAUTH  
A Professional Corporation

By:



Allison E. Burns, Attorneys for Petitioners  
City of Moreno Valley, City of Chino Hills,  
County of Riverside and County of San  
Bernardino

1 DOUGLAS J. EVERTZ, State Bar No. 123066  
2 MARK J. HUEBSCH, State Bar No. 66253  
3 MELANIE MCCALL HOUK, State Bar No. 174040  
4 ALLISON E. BURNS, State Bar No. 198231  
5 STRADLING YOCCA CARLSON & RAUTH  
6 A Professional Corporation  
7 660 Newport Center Drive, Suite 1600  
8 Newport Beach, California 92660-6441  
9 Telephone: (949) 725-4000  
10 Fax: (949) 725-4100

**FILED**  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF RIVERSIDE

JUL 07 2003

11 Attorneys for Petitioners/Plaintiffs  
12 CITY OF MORENO VALLEY, CITY OF CHINO HILLS,  
13 COUNTY OF RIVERSIDE and COUNTY OF SAN  
14 BERNARDINO

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF RIVERSIDE**

12 CITY OF MORENO VALLEY, a  
13 municipal corporation; CITY OF HEMET,  
14 a municipal corporation; CITY OF  
15 VICTORVILLE, a municipal corporation;  
16 CITY OF CHINO HILLS, a municipal  
17 corporation; COUNTY OF RIVERSIDE, a  
18 political subdivision of the state of  
19 California; and COUNTY OF SAN  
20 BERNARDINO, a political subdivision of  
21 the state of California,

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Petitioners/Plaintiffs,

v.

21 SOUTHERN CALIFORNIA  
22 ASSOCIATION OF GOVERNMENTS, a  
23 regional planning agency and joint powers  
24 authority; DEPARTMENT OF HOUSING  
25 AND COMMUNITY DEVELOPMENT, a  
26 department of the Business, Transportation  
27 and Housing Agency of the State of  
28 California; and DOES 1-50, INCLUSIVE,

Respondents/Defendants.

**CASE NO. RIC 354003**  
**[Consolidated with LASC Case No.**  
**BC 246755]**

**ASSIGNED FOR ALL PURPOSES TO**  
**HONORABLE ROBERT G. SPITZER**  
**DEPARTMENT 8**

**[REDACTED] JUDGMENT AND WRIT OF**  
**MANDATE**

**Complaint Filed: January 30, 2001**

1 SOUTHERN CALIFORNIA  
2 ASSOCIATION OF GOVERNMENTS, a  
3 regional planning agency and joint powers  
4 of authority, ORANGE COUNTY  
5 COUNCIL OF GOVERNMENTS, a  
6 subregional planning agency and joint  
7 powers authority, SAN BERNARDINO  
8 ASSOCIATION OF GOVERNMENTS, a  
9 subregional planning agency and joint  
10 powers authority, COACHELLA  
11 VALLEY ASSOCIATION OF  
12 GOVERNMENTS, a subregional planning  
13 agency and joint powers authority,  
14

15 Plaintiffs,

16 vs.

17 JULIE BORNSTEIN, Director of the  
18 Department of Housing and Community  
19 Development, DEPARTMENT OF  
20 HOUSING AND COMMUNITY  
21 DEVELOPMENT, a department of the  
22 Business, Transportation and Housing  
23 Agency of the State of California, MARIA  
24 CONTRERAS-SWEET, Secretary of the  
25 Business Transportation and Housing  
26 Agency, BUSINESS TRANSPORTATION  
27 AND HOUSING AGENCY, an agency of  
28 the Executive Branch of the California  
Government; and DOES 1-50, Inclusive,

Defendants.

1 The above matter came on regularly for trial for the first phase of proceedings on  
2 January 17, 2002 in Department 8 of the above-entitled court, the Honorable Robert G. Spitzer,  
3 Judge presiding, with petitioners City of Moreno Valley, City of Chino Hills, County of  
4 Riverside and County of San Bernardino (collectively the "Inland Empire Petitioners") appearing  
5 by their attorneys of record, Douglas J. Evertz and Allison E. Burns of the law firm of Stradling  
6 Yocca Carlson & Rauth, petitioner and respondent Southern California Association of  
7 Governments ("SCAG") appearing by its attorneys of records Colin Lennard and Patricia Chen  
8 of the law firm Fulbright & Jaworski and respondent Department of Housing and Community  
9 Development ("HCD") appearing by its attorney of record Carol Squire of the California  
10 Attorney General's office. The court issued a statement of decision in the first phase of  
11 proceedings on August 1, 2002. The parties submitted supplemental briefing on the second  
12 phase of proceedings in the Fall of 2002.

13  
14 The court, having considered the administrative record, exhibits identified and received  
15 into evidence, briefs and oral argument, and the court having issued its Statement of Decision on  
16 April 21, 2003:

17  
18 IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

19  
20 1) SCAG's Petition for Writ of Mandate:

- 21  
22 a) SCAG's petition for traditional mandamus in its First Cause of Action  
23 challenging inconsistency between the RHNA and RTP process is denied;  
24  
25 b) SCAG's petition for traditional mandamus in its Second Cause of Action  
26 alleging denial of due process is denied;  
27  
28 c) SCAG's petition for traditional mandamus in its Fifth Cause of Action  
alleging violation of the Administrative Procedures Act is denied.

1           2)   Inland Empire Petitioners' Petition for Writ of Mandate:

- 2
- 3           a)   HCD is permanently enjoined from accepting Regional Housing Needs
- 4               Assessment ("RHNA") allocations of one jurisdiction within the SCAG
- 5               region while rejecting allocations of another jurisdiction;
- 6           b)   This court declares that HCD may only accept or reject the RHNA
- 7               allocations for the entire SCAG region as a whole;
- 8
- 9           c)   This court declares that HCD deprived the Inland Empire Petitioners of
- 10              fundamental due process rights, by its *de facto* invalidation of the Inland
- 11              Empire Petitioners' Final RHNA allocations adopted by SCAG on
- 12              November 2, 2000 (the "Final RHNA");
- 13           d)   This court further declares that Government Code section 65584 permits
- 14              adjustments to the RHNA allocation to the SCAG region throughout the
- 15              RHNA allocation process mandated by Section 65584;
- 16
- 17           e)   HCD is mandated to set aside its December 13, 2000 decision imposing
- 18              the Draft RHNA allocations on the Inland Empire Petitioners and to enter
- 19              a new and different decision consistent with the Court's April 21, 2003
- 20              Statement of Decision;
- 21           f)   HCD is enjoined from refusing to certify the Inland Empire Petitioners'
- 22              Housing Elements or denying housing funds based on the Inland Empire
- 23              Petitioners' use of the Final RHNA;
- 24
- 25           g)   The Inland Empire Petitioners' petition that the court command HCD to
- 26              accept SCAG's Final RHNA is denied;
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- h) This Court declares that SCAG deprived the Inland Empire Petitioners of fundamental due process rights by its conduct of the RHNA allocation process;
- i) SCAG is enjoined from enforcing its position 1) that subregional allocation of housing units has to be maintained and/or 2) that reductions of one jurisdictions' RHNA allocation must be redistributed to jurisdictions within the same subregion;
- i) The Inland Empire Petitioners' petition for an order commanding SCAG to reallocate the 66,774 housing units at issue herein on a regionwide basis is denied.
- 3) The Court retains continuing jurisdiction of this matter.
- 4) The Inland Empire Petitioners shall recover their costs of suit equally from each of SCAG and HCD.

DATED:

7-7-03

**ROBERT G. SPITZER**

HONORABLE ROBERT G. SPITZER  
JUDGE OF THE SUPERIOR COURT

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**PROOF OF SERVICE**

I, Lorin Moreno, declare:

I am a resident of the State of California and over the age of eighteen years, and not a party to the within action; my business address is 660 Newport Center Drive, Suite 1600, Newport Beach, California 92660-6441. On May 6, 2003, I served the within word document(s):

**[PROPOSED] JUDGMENT AND WRIT OF MANDATE**

☐ by transmitting via facsimile the document(s) listed above to the fax number(s) set forth below on this date before 5:00 p.m.

☒ by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Newport Beach, California addressed as set forth below.

☐ by causing personal delivery by Express Network, Inc. of the document(s) listed above to the person(s) at the address(es) set forth below.

Justine Block, Esq.  
Southern California Association of Governments  
818 West Seventh Street, 12th Floor  
Los Angeles, California 90017-3435

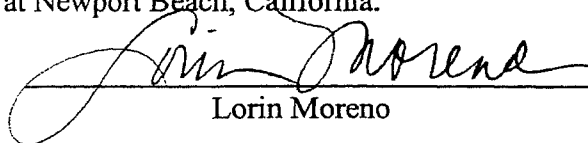
Colin Lennard  
Fulbright & Jaworski  
865 S. Figueroa Street, Suite 2900  
Los Angeles, California 90017

Carol Squire, Esq.  
110 West A Street, Suite 1100  
Post Office Box 85266  
San Diego, California 92186-5266

I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on May 6, 2003, at Newport Beach, California.

  
Lorin Moreno

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-6-

1 **PROOF OF SERVICE**

2 I, Stephanie S. Pattis, declare:

3 I am a resident of the State of California and over the age of eighteen years, and  
4 not a party to the within action; my business address is 660 Newport Center Drive, Suite 1600,  
5 Newport Beach, California 92660-6441. On June 14, 2004, I served the within word  
document(s):

6 **NOTICE OF ENTRY OF JUDGMENT AND WRIT OF MANDATE**

7 ☐ by transmitting via facsimile the document(s) listed above to the fax number(s)  
8 set forth below on this date before 5:00 p.m.

9 ☒ by placing the document(s) listed above in a sealed envelope with postage  
10 thereon fully prepaid, in the United States mail at Newport Beach, California  
addressed as set forth below.

11 ☐ by causing personal delivery by First Legal, Inc. of the document(s) listed above  
12 to the person(s) at the address(es) set forth below.

13  
14 Justine Block, Esq.  
15 Southern California Association of Governments  
16 818 West Seventh Street, 12th Floor  
Los Angeles, California 90017-3435

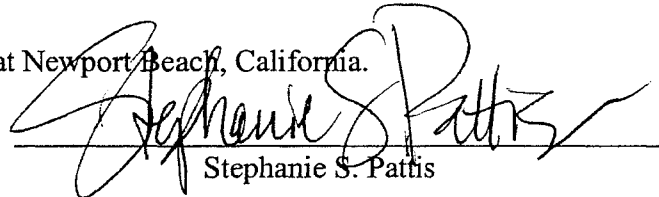
Colin Lennard  
Fulbright & Jaworski  
865 S. Figueroa Street, Suite 2900  
Los Angeles, California 90017

17 Carol Squire, Esq.  
18 110 West A Street, Suite 1100  
19 Post Office Box 85266  
San Diego, California 92186-5266

20 I am readily familiar with the firm's practice of collection and processing  
21 correspondence for mailing. Under that practice it would be deposited with the U.S. Postal  
22 Service on that same day with postage thereon fully prepaid in the ordinary course of business. I  
am aware that on motion of the party served, service is presumed invalid if postal cancellation  
date or postage meter date is more than one day after date of deposit for mailing in affidavit.

23 I declare under penalty of perjury under the laws of the State of California that the  
24 above is true and correct.

25 Executed on June 14, 2004, at Newport Beach, California.

26   
27 Stephanie S. Pattis  
28

74

# MEMO

**TO:** Community, Economic and Human Development Committee (CEHD)

**FROM:** Mark Butala, Senior Regional Planner, [butala@scag.ca.gov](mailto:butala@scag.ca.gov), (213) 236-1945

**SUBJECT:** Compass Media Roll Out

**DATE:** August 5, 2004

---

Phase 2 of the Compass program drew to a close on June 29, 2004 as SCAG held a "media roll out" to promote the Regional Council adoption of the Compass Growth Vision and Implementation Strategy.

The "roll out" consisted of two events: the first in Riverside at the Western Riverside Council of Governments conference room, the second in Los Angeles at the Downtown Central Library. Each event included a speaker's panel who welcomed the media, presented elements of the Compass Vision, discussed regional implications and next steps, and answered media questions. Panelists included Hon. Ron Roberts, Hon. Toni Young, Hon. Bev Perry, Hon. Susan Longville, Don Brackenbush, ULI, John Fregonese, FCA, Laurent Perrin, Institut d'aménagement et d'urbanisme de la Région Ile-de-France, and Mark Pisano.

The events produced substantial print and electronic coverage throughout the SCAG region and the State. To date, 45 stories via 33 media outlets have been tracked. In addition to the outlets that covered the 6/29 press activities directly, other coverage resulted from a combination of the press release and/or the Associated Press story being picked up. All in all, the coverage was very comprehensive, including virtually every major daily newspaper in the region, a number of the major radio and TV outlets, and a series of prominent outlets outside the region.

Initial analysis revealed the vast majority of the articles were positive to neutral, while several raised concerns such as SCAG's ability to implement such a "Visionary" plan.

A packet containing each of the media clips will be made available at the Committee meeting.

The following outlets picked up the story:

## Electronic Media Coverage Hits

KTLA - TV - web site  
KCAL - TV  
KCBS - TV  
KPIX - TV (San Francisco) - web site  
KFWB - AM  
KPPC - AM

## Print Media Coverage Hits (Regional)

Desert Dispatch  
Inland Valley Daily Bulletin (article and editorial)  
LA Daily News (article and editorial)  
Long Beach Press Telegram  
Los Angeles Times (2 articles by Caitlin Liu; column by Steve Lopez)  
North County Times (article and editorial)  
Pasadena Star News (article and editorial)  
Redlands Daily Facts  
Riverside Press Enterprise (2 articles)  
San Bernardino Sun (article and editorial)  
San Gabriel Valley Tribune (article and editorial)  
South Bay Daily Breeze  
Orange County Register (article and editorial)  
Temecula Californian (article and editorial)  
Ventura County Star  
Victor Valley Daily Press  
Whittier Daily News (article and editorial)

## Print Media Coverage Hits (Outside Region)

Fresno Bee  
Merced Sun Star  
Monterey County Herald  
Real Life Healthcare  
Realtor Magazine  
Sacramento Bee  
San Diego Union Tribune  
San Jose Mercury News  
San Luis Obispo Tribune  
Sarasota Herald-Tribune

# MEMO

**TO:** Community, Economic and Human Development Committee (CEHD)  
**FROM:** Jacob Lieb, Acting Lead Regional Planner, [lieb@scag.ca.gov](mailto:lieb@scag.ca.gov), (213) 236-1921  
**SUBJECT:** Las Virgenes Malibu Council of Governments Growth Visioning Report  
**DATE:** August 5, 2004

---

During the 2003-2004 Fiscal Year, SCAG funded growth visioning work in several sub-regions. Among those efforts was a process convened by the Las Virgenes Malibu Council of Governments (LVMCOG) intended to compile and disseminate data, and to build consensus in the sub-region on growth related issues.

During the CEHD Committee meeting, Terry Dipple, the Executive Director of LVMCOG, and Doug Johnson of National Demographics Corporation, a consultant hired by the sub-region, will describe the results of the sub-region's program. On future agendas for this Committee, other sub-regions will report on completed projects from the last fiscal year.

# MEMO

**TO:** Community, Economic and Human Development Committee (CEHD)

**FROM:** Jacob Lieb, Acting Lead Regional Planner, [lieb@scag.ca.gov](mailto:lieb@scag.ca.gov), (213) 236-1921

**SUBJECT:** Regional Comprehensive Plan

**DATE:** August 5, 2004

---

As part of the approval of the SCAG Strategic Plan on October 3, 2002, as well as the approval of the Compass Growth Vision on June 3, 2004, the Regional Council has directed the creation of a new Regional Comprehensive Plan (RCP). The purpose of this RCP is to serve as a tool for implementing regional policies and programs, in particular the Regional Transportation Plan, its associated Program Environmental Impact Report, and the Compass Growth Vision. The RCP consolidates and translates programs and policies of SCAG in order to facilitate and promote external, independent actions. The Fiscal Year 04-05 Work Plan calls for SCAG to take all steps necessary to complete a draft plan. Review and adoption of a final RCP is planned for Fiscal Year 05-06.

SCAG staff has taken several steps in preparation for the RCP update, including

1. Creating a preliminary concept paper,
2. Creating a draft plan outline,
3. Creating a draft outreach plan, and
4. Compiling a preliminary catalogue of standing SCAG policies.

The first three of these products are attached. In compiling standing SCAG policies, SCAG has begun its review and will include a report at the September CEHD meeting. At this time, staff is presenting these items for information and discussion. Staff plans to seek approval of revised preliminary products at the September CEHD and October Regional Council meetings.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
2004-2005 REGIONAL COMPREHENSIVE PLAN  
CONCEPT AND PRELIMINARY WORK PLAN**

**Purpose:**

The Regional Comprehensive Plan (RCP) promotes policy objectives of the Regional Council, fulfills and implements the new organizational Strategic Plan, and serves to assist outside parties in implementing regional plans. As such, the Regional Comprehensive Plan is an extension of SCAG's other, on-going planning efforts, notably, the Regional Transportation Plan (RTP) along with the RTP Program Environmental Impact Report (PEIR), Regional Transportation Improvement Plan, and Southern California COMPASS. The RCP serves to consolidate and translate those efforts to promote external, independent action.

**Features of the Plan**

- **Comprehensive:**

The RCP, as noted above, is primarily intended as a guide for local governments and other external entities in interpreting and implementing other regional plans and policy objectives. As such, it focuses on areas of SCAG responsibility as defined by Federal and State law, including transportation planning, air quality, housing, and growth. A chapter is dedicated to each of these areas. However, in recognition of the inter-connected-ness of planning disciplines, and with an eye toward outcomes, the RCP treats all issues related to the region's overall well-being. As such, chapters are dedicated to such issues as the economy, resource management as well as other (tbd).
- **Action Oriented**

The RCP will describe conditions and objectives around each issue. However, the major focus of each chapter will be on specific actions for specific identified stakeholders. The RCP will be the primary tool for implementing mitigation measures committed by SCAG in the RTP PEIR. Further, the RCP will create definitions and delineate thresholds for SCAG's Inter-Governmental Review efforts.
- **Advisory**

SCAG is a voluntary member organization comprised of local governments, and creates a forum with the ability to affect policy and practice of outside parties. As such, the RCP is intended to be an advisory document that clearly lays out steps that local governments and others can choose to take in support of regional objectives. The decision to pursue such objectives belongs solely to the independent actor. That said, SCAG will work proactively to demonstrate the benefits of pursuing the objectives identified in the plan.
- **Long Range**

The RCP is intended to work as a companion piece to other planning efforts around the region and state. Though the RCP is updated by SCAG periodically (approximately 3-5 years), the plan itself will discuss long term actions and outcomes for the region. At a minimum, the RCP will feature the same 25-year planning horizon featured in the RTP. At the same time, the plan will discuss shorter term goals and objectives analogous to the horizons in the RTP.

- **Format**  
As described above, and similar to previous RCP, the plan will contain a chapter each devoted to identified issue areas. These areas will include transportation, environment, growth/land-use, and housing (exact titles tbd). Other areas will be added based on future discussion. Each chapter will contain a like format which will include a description of a specific regional policy objective(s) current conditions, a discussion of potential approaches, and recommended actions for specified stakeholders.

## **Preparation**

- **Policy Guidance**  
As noted above, the RCP serves to advance policy objectives as determined by the Regional Council and featured in other SCAG plans. Particularly of note, the Southern California Compass (Growth Visioning) project features several specific recommendations for local governments aimed at improving land-use and urban form in the region and building efficiencies in the transportation system. The 2005 RCP will contain special emphasis on local implementation actions that emerge from the Compass program. The overall policy objectives of the RCP will be approved by the Regional Council prior to plan drafting.
- **Cooperative Approach**  
As the RCP is intended to facilitate action by outside parties, the process for developing the plan must be open and participatory. The Regional Council will set and determine the policy objectives upon which the plan will be based. In addition, SCAG proposes to involve local and other levels of government, private industry groups, residents and other stakeholders in the development of the plan. SCAG will utilize various on-going public outreach and involvement efforts to this end, but may also form a single purpose, ad-hoc advisory group for this purpose.
- **Timelines**  
Drafting of some chapters, based on assignment in 2003-04 Work Programs, will proceed prior to July 2004. Otherwise, plan milestones and progress will be as follows:
  1. Policy Committee, public dialogue on policy objectives  
July-Sept. 2004
  2. Regional Council sign-off on project plan, policy objectives  
Sept. 2004
  3. Stakeholder participation process  
Sept-Jan 2004
  4. Drafting  
Jan-June. 2005
  5. Draft Review, Policy Committees and R.C.  
June 2005
  6. Adoption  
Summer or fall 2005



## **PROPOSED RCP OUTLINE FOR DISCUSSION**

### **July 2004**

#### **PLANNING SUBJECT AREA**

**Synopsis:** The Regional Comprehensive Plan will bring together the diverse range of programs and plans developed by SCAG, and synthesize these within the strategic context of the recently adopted Compass Growth Vision. SCAG's purpose in preparing this document is to better connect regional-scale planning efforts with city, county, and independent actions. In order to best serve potential users, the Regional Comprehensive Plan will be organized into topical chapters focusing on specific planning areas. Where possible, these chapters will be consistent with and supportive of required local General Plan elements. For continuity, each chapter will have a similar format, and consistent sub-sections. In general, each chapter will have three broad components--an introductory portion describing prevailing conditions, policies and indicators; an analytic portion which draws out the reciprocal linkages between each planning area and the Compass Principles of Livability, Prosperity, Mobility, and Sustainability; and an action component which presents mandatory as well as recommended measures and best management practices. Through this organization, the RCP will strengthen the connectivity between the recently adopted Compass Growth Vision and each of SCAG's planning areas in a consistent and accessible manner.

As follows:

#### **Introduction and Executive Summary**

- i) Purpose of RCP
- ii) SCAG's broad policy goals
- iii) Use of the document

#### **Introduction and Discussion of Compass Growth Vision as Major Theme**

##### **1) Transportation**

- a) Background:
  - i) Discussion, current conditions
  - ii) SCAG policies
  - iii) Measurement/Indicators\*
- b) Analysis:
  - i) Responsiveness to principles
- c) Action:
  - i) Mandatory actions (EIR mitigations)
  - ii) Advisory
  - iii) Best Practices\*\*

##### **2) Land Use**

- a) Background:
  - i) Discussion, current conditions
  - ii) SCAG policies
  - iii) Measurement/Indicators\*

\*How indicators will be handled in the RCP requires more discussion. Likely, the RCP will simply record the results of other on-going efforts (Compass, Benchmarks Task Force, etc.)

\*\*Best practices will be developed through advisory group deliberations and literature review.

- b) Analysis:
  - i) Responsiveness to principles
- c) Action:
  - i) Mandatory actions (EIR mitigations)
  - ii) Advisory
  - iii) Best Practices\*\*

### 3) Housing

- a) Background:
  - i) Discussion, current conditions
  - ii) SCAG policies
  - iii) Measurement/Indicators\*
- b) Analysis:
  - i) Responsiveness to principles
- c) Action:
  - i) Mandatory actions (EIR mitigations)
  - ii) Advisory
  - iii) Best Practices\*\*

### 4) Air Quality

- a) Background:
  - i) Discussion, current conditions
  - ii) SCAG policies
  - iii) Measurement/Indicators\*
- b) Analysis:
  - i) Responsiveness to principles
- c) Action:
  - i) Mandatory actions (EIR mitigations)
  - ii) Advisory
  - iii) Best Practices\*\*

### 5) Economy

- a) Background:
  - i) Discussion, current conditions
  - ii) SCAG policies
  - iii) Measurement/Indicators\*
- b) Analysis:
  - i) Responsiveness to principles
- c) Action:
  - i) Mandatory actions (EIR mitigations)
  - ii) Advisory
  - iii) Best Practices\*\*

### 6) Energy

- a) Background:
  - i) Discussion, current conditions
  - ii) SCAG policies

\*How indicators will be handled in the RCP requires more discussion. Likely, the RCP will simply record the results of other on-going efforts (Compass, Benchmarks Task Force, etc.)

\*\*Best practices will be developed through advisory group deliberations and literature review.

- iii) Measurement/Indicators\*
  - b) Analysis:
    - i) Responsiveness to principles
  - c) Action:
    - i) Mandatory actions (EIR mitigations)
    - ii) Advisory
    - iii) Best Practices\*\*
- 7) Water
  - a) Background:
    - i) Discussion, current conditions
    - ii) SCAG policies
    - iii) Measurement/Indicators\*
  - b) Analysis:
    - i) Responsiveness to principles
  - c) Action:
    - i) Mandatory actions (EIR mitigations)
    - ii) Advisory
    - iii) Best Practices\*\*
- 8) Habitat and Open Space
  - a) Background:
    - i) Discussion, current conditions
    - ii) SCAG policies
    - iii) Measurement/Indicators\*
  - b) Analysis:
    - i) Responsiveness to principles
  - c) Action:
    - i) Mandatory actions (EIR mitigations)
    - ii) Advisory
    - iii) Best Practices\*\*
- 9) Solid Waste
  - a) Background:
    - i) Discussion, current conditions
    - ii) SCAG policies
    - iii) Measurement/Indicators\*
  - b) Analysis:
    - i) Responsiveness to principles
  - c) Action:
    - i) Mandatory actions (EIR mitigations)
    - ii) Advisory
    - iii) Best Practices\*\*

\*How indicators will be handled in the RCP requires more discussion. Likely, the RCP will simply record the results of other on-going efforts (Compass, Benchmarks Task Force, etc.)

\*\*Best practices will be developed through advisory group deliberations and literature review.

**SCAG  
REGIONAL COMPREHENSIVE PLAN  
PRELIMINARY OUTREACH PROGRAM  
JUNE 2004**

**Background and Purpose**

The Regional Comprehensive Plan (RCP) is an implementation tool for existing policies and programs of SCAG. Its purpose is to consolidate, translate, and interpret policies included in the 2004 RTP, the Growth Vision, and other plans and documents in order to promote independent actions of external parties. As such, the RCP development is not, on its own, a policy making exercise. This outreach plan reflects that premise.

Outreach is to be conducted during the course of preparation and adoption of the Regional Comprehensive Plan in order to assure that the document is useful for external parties and effective in reaching overall plan objectives. Further, the development of the RCP should be viewed as a member service and as an example of SCAG pursuing regional leadership in support of its mission and Strategic Plan.

Outreach specific to the RCP is to be limited in nature. While the plan will be developed in an open public process, the purpose of outreach is to collect input from specific stakeholders for specific issues. However, the RCP will be part of the larger outreach and public relations efforts of SCAG in general and the Compass program, in particular. In those settings, RCP-specific content will describe what the plan is, and how it fits in the context of SCAG programming. In particular, the RCP will be described as one of the implementation efforts of the Compass regional vision. Material of this type will likely consist of 2-3 slides to be incorporated into presentation on general SCAG or Compass topics.

**Definition**

Outreach and involvement for RCP is to be a dialogue and exchange of ideas between SCAG and stakeholders groups that will inform the development of the plan.

**Stakeholders**

**Primary**

Primary stakeholders are members of SCAG – local governments, sub-regions, and CTCs.

**Secondary**

Secondary stakeholders are other government entities – State, Fed. Special district

**Tertiary**

Tertiary stakeholders are private entities that are capable of affecting desired plan outcomes – e.g. developers

**Proposed outreach options**

- Ad-hoc standing task force/working group

A group composed mostly of primary stakeholders would meet approximately bi-monthly to discuss objectives, organization, and content of the plan. This group would be self-selected, its membership confirmed by the Regional Council, and would be advisory to the RC. It is hoped that this group will be formed primarily through discussion with the American Planning Association and Urban Land

Institute which are currently underway related to Compass implementation. The RC will select its own representatives to this group.

- Focus group

A focus group can be useful in refining the approach and content of the plan since it can involve people other than the regularly participating stakeholders. At one or two appropriate points in the development of the RCP, a focus group will be convened, including primary, secondary, and tertiary stakeholders, for the purpose of getting feedback on the usefulness of the RCP.

- Introductory outreach efforts

SCAG will undertake various efforts during the first half of FY04-05 to introduce the RCP effort and answer basic questions. These efforts will include presentations to the Regional Council, policy committees, Sub-Regional Coordinators, and subregions. Additionally, staff will prepare fact sheets and material for other SCAG presentations. These materials will emphasize the context in which the RCP fits (implementation tool for RTP, Compass), and familiarize the audience with the work program and schedule. The audience for this introductory effort is SCAG's regular business partners (RC, sub-regions, etc.)

- Periodic events

RCP events will be together or in close coordination with the Compass program. At a minimum, SCAG will hold a kickoff event for all of the region's City Managers and Planning Directors. The event will review SCAG policies contributing to the RCP and invite input on how to make the plan useful and effective in a local setting. This event will also help to populate the on-going task force. Additional events may be desirable when a draft plan is completed or near completion.

- Electronic communication

SCAG may wish to dedicate a web page to RCP development issues and updates. This would likely be best accomplished in coordination with the COMPASS program. Further, SCAG may use a list serve.

- Internal on-going public process

The direction of the RCP effort will be from the Regional Council, with advice from the Ad-hoc Task Force/Working Group. Issues related to specific topic areas (e.g. housing, air quality) will be under the purview of the appropriate policy committee. Regular updates will be provided to the policy committees for information. The RCP work effort describes milestones where RC action would be required. However, regular updates will also be provided.

- External on-going public process

SCAG will provide presentations on request for sub-regions and local governments (e.g. City Council meetings).

- Materials

The RCP effort will provide materials for use in on-going SCAG and Compass outreach programming. This will consist of slide presentations, fact sheets, and web content describing the purpose and intent of the RCP along with progress updates.

# MEMO

**DATE:** August 5, 2004

**TO:** Community, Economic and Human Development Committee

**FROM:** Bruce DeVine, Chief Economist, 213-236-1903 devine@scag.ca.gov  
JiHong McDermott, Senior Planner, 213-236-1975, mcdermot@scag.ca.gov

**SUBJECT:** 2003 Venture Capital Investment in the SCAG Region (Information Only)

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**RECOMMENDED ACTION:** Information only.

## BACKGROUND:

In 2003, the latest full year for which regional figures are available, Venture Capital (VC) investment in the SCAG region fell to \$992 million, down from \$1.2 billion in 2002. The 2003 total was the third straight decline for the region since the peak level of \$6.4 billion raised in 2000.

This pattern is not unique among regions across the county. Venture capitalists reduce their investment in smaller and newer firms when the economy goes into decline as it did in the 2000-2002 period. Nevertheless, the level of VC investment in a region is important to its economy. Such investment boosts Gross Regional Product and creates jobs; it supports all forms of innovation and research and development activities; and it stimulates local capital market activity.

For the past three years, staff has presented to the CEHD a picture of venture capital investments in the SCAG region. Today's presentation will look at recent trends in VC investment in the region and the nation, discuss the factors behind the 2000-2003 decline, examine which types of businesses in which areas of the region are attracting venture capital, and highlight the importance of venture capital in the economic outlook.

The PowerPoint presentation is available to any interested party.



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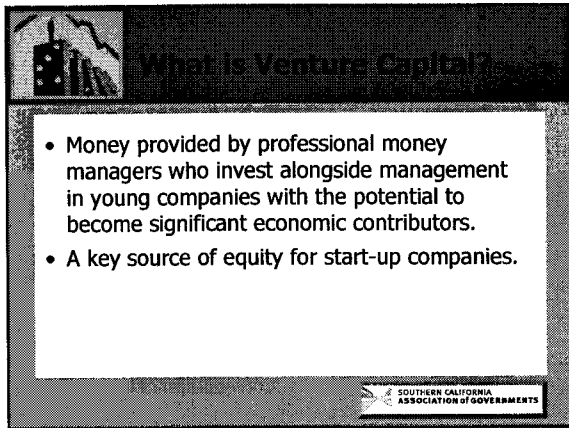
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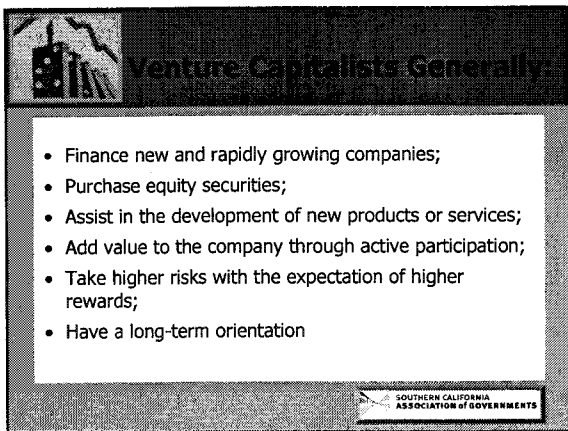
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## Investment in the Economy

### Venture Capital:

- Boosts GDP and Creates Jobs
- Supports Innovation Across The Board
- Fosters Local and Regional Economic Growth




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## Importance of Venture Capital

### VC-Backed Companies:

- Outperform Non-Venture-backed Companies
- Create Leading Edge "Industry Clusters" with High Skilled, High Wage Jobs




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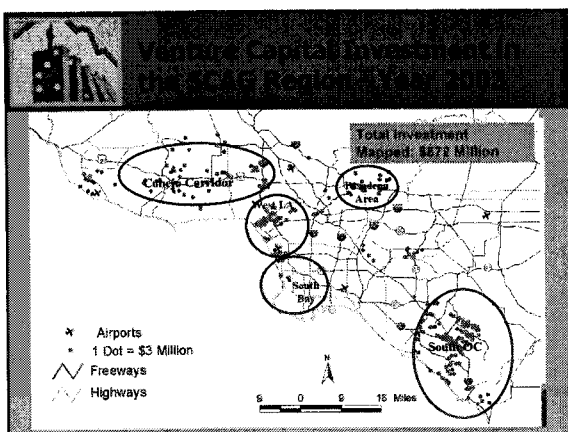
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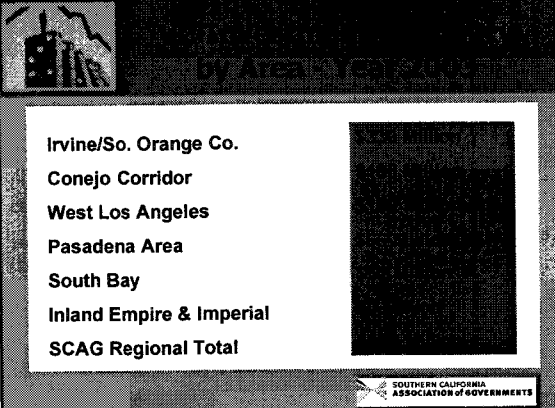
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**VC Investment Concentration by Area in SCAG Region**

Irvine/So. Orange Co.  
 Conejo Corridor  
 West Los Angeles  
 Pasadena Area  
 South Bay  
 Inland Empire & Imperial  
 SCAG Regional Total

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

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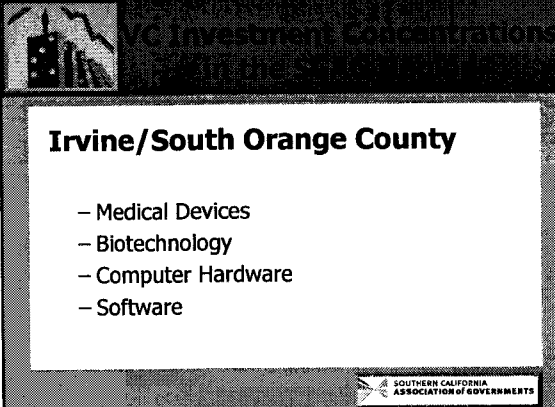
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**VC Investment Concentration in Irvine/South Orange County**

- Medical Devices
- Biotechnology
- Computer Hardware
- Software

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

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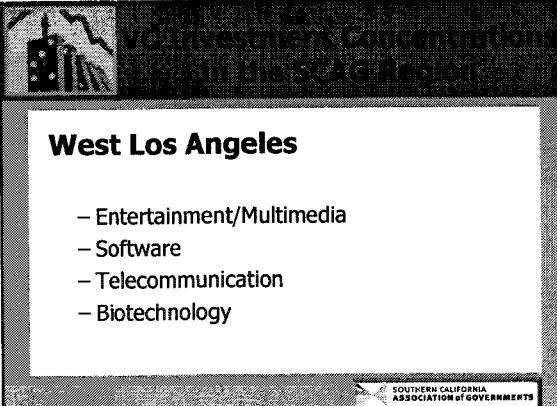
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**VC Investment Concentration in West Los Angeles**

- Entertainment/Multimedia
- Software
- Telecommunication
- Biotechnology

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

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**Conejo Corridor**

- Biotechnology
- Telecommunication
- Software
- Computers and Peripherals

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

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**Pasadena Area**

- Networking and Equipment
- Computers and Peripherals
- Biotechnology

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**South Bay**

- Aerospace
- Defense
- Computer software
- Telecommunication

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### Investment in the Economy

- A recent study shows that Venture capital-funded companies contributed nearly \$1.1 trillion to GDP and directly accounted for 12.5 million jobs
- Equivalent to 11% of US GDP and one out of every nine jobs.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

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### Importance of Venture Capital

- Impact of venture capital is extraordinary in terms of the contributions of VC-backed companies to:
  - R&D spending
  - New industry creation
  - Tax revenues, and
  - Exports

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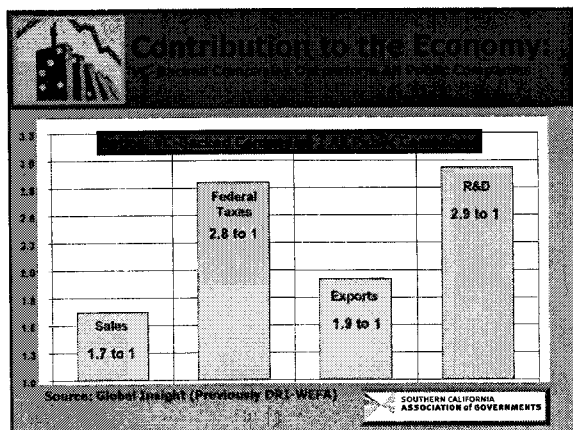
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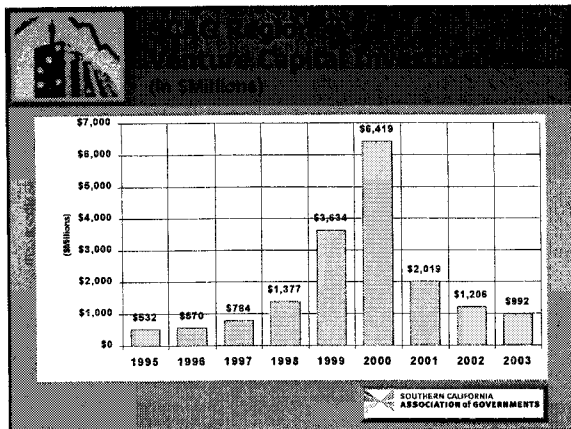
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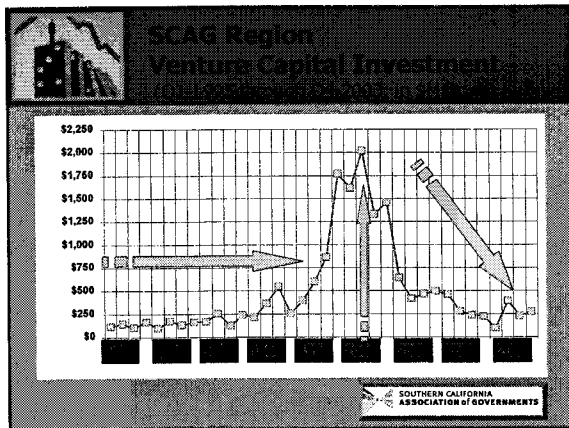
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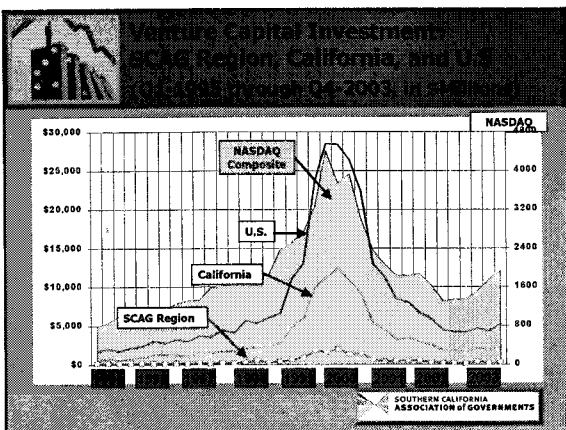
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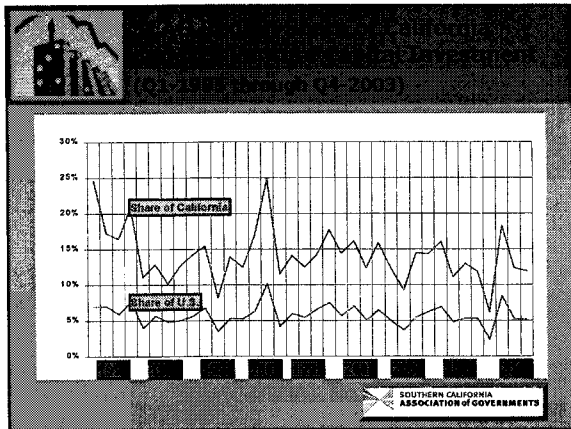
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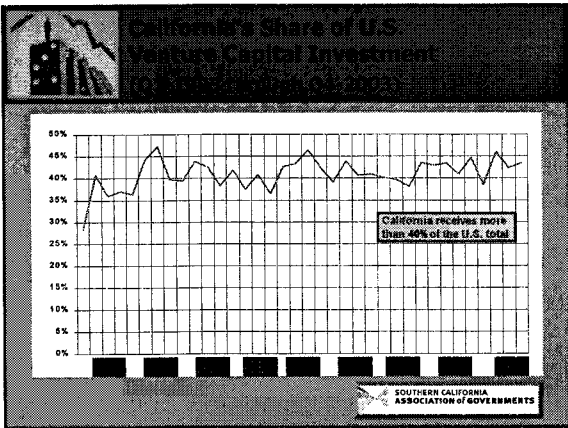
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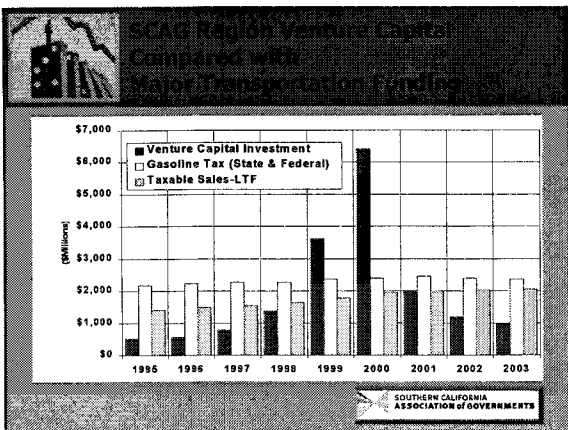
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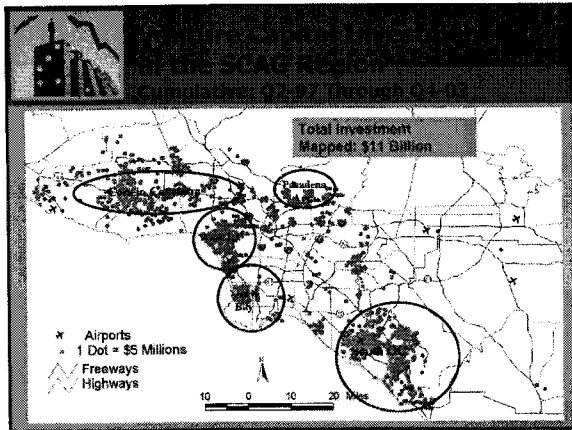
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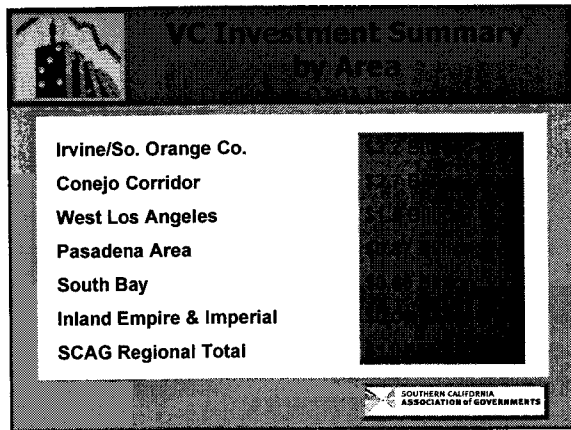
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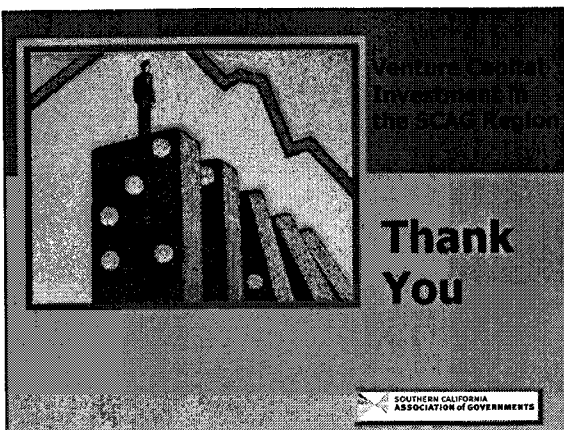
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